

Annual Report of the



**FEDERAL
SECURITY
AGENCY**

1948

Social Security Administration

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Social Security Administration

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FEDERAL SECURITY AGENCY

OSCAR R. EWING, *Administrator*

SOCIAL SECURITY ADMINISTRATION

ARTHUR J. ALTMAYER, *Commissioner*
WILLIAM L. MITCHELL, *Deputy Commissioner*

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Insurance

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Bureau of Public Assistance
JANE M. HOEY, *Director*

Bureau of Employment Security
ROBERT C. GOODWIN, *Director*

Children's Bureau
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Bureau of Federal Credit Unions
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Division of Research and Statistics
I. S. FALK, *Director*

Division of the Actuary
ROBERT J. MYERS, *Chief Actuary*

Appeals Council
JOSEPH E. McELVAIN, *Chairman*

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Letter of Transmittal

FEDERAL SECURITY AGENCY,
SOCIAL SECURITY ADMINISTRATION,
Washington, D. C., November 1, 1948.

The Honorable OSCAR R. EWING,
Federal Security Administrator.

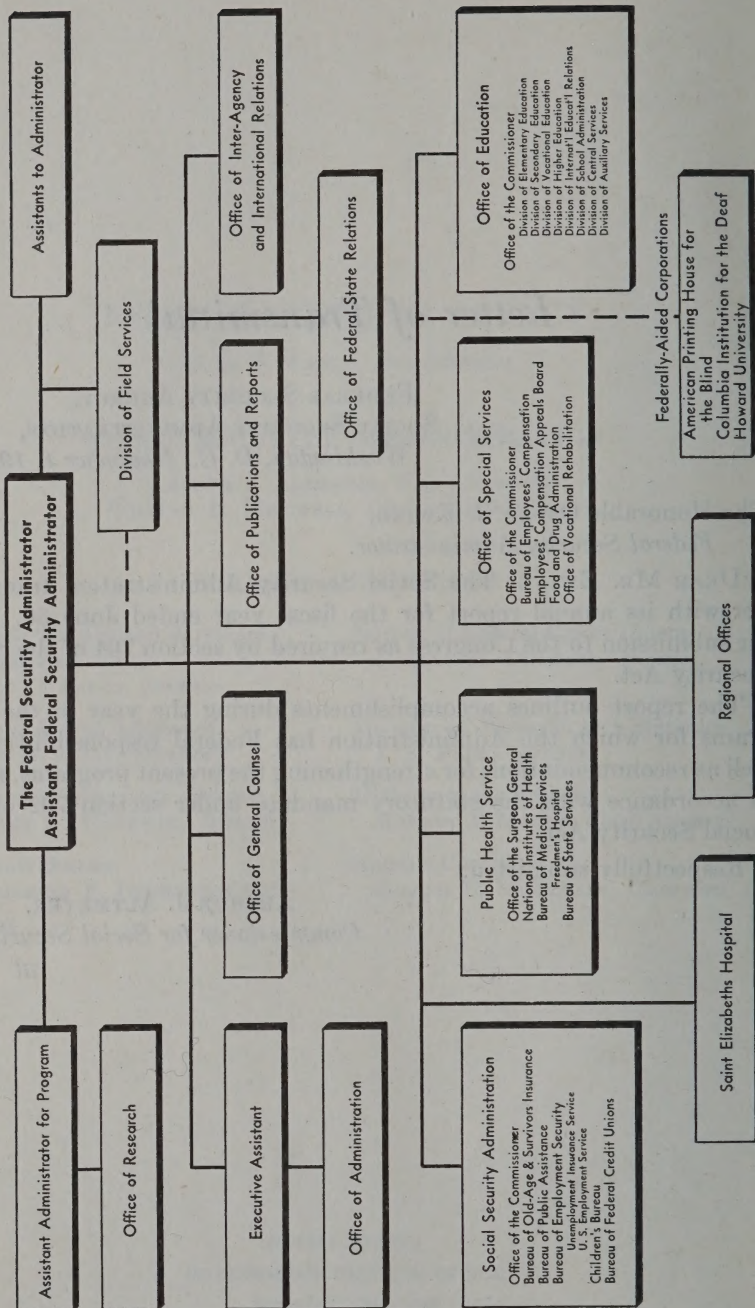
DEAR MR. EWING: The Social Security Administration transmits herewith its annual report for the fiscal year ended June 30, 1948, for submission to the Congress as required by section 704 of the Social Security Act.

The report outlines accomplishments during the year in the programs for which the Administration has Federal responsibilities, as well as recommendations for strengthening the present programs, made in accordance with the statutory mandate under section 702 of the Social Security Act.

Respectfully submitted.

ARTHUR J. ALTMAYER,
Commissioner for Social Security.

Federal Security Agency



Federal Security Agency

The Federal Security Agency was established on July 1, 1939, by Reorganization Plan No. 1 of 1939. The objective of the Plan, the President said, was to group together those agencies of the Government whose major purpose was to promote social and economic security, educational opportunity, and the health of the citizens of the Nation. Among the agencies so grouped by that Plan and by Reorganization Plan No. 2 of 1939 were the Social Security Board (including the United States Employment Service), the Office of Education, the Public Health Service, and the Federal functions of the American Printing House for the Blind.

Reorganization Plan No. 4 of 1940, effective June 30, transferred to the Agency the Food and Drug Administration, St. Elizabeths Hospital, Freedmen's Hospital, and the Federal functions relating to Howard University and to the Columbia Institution for the Deaf.

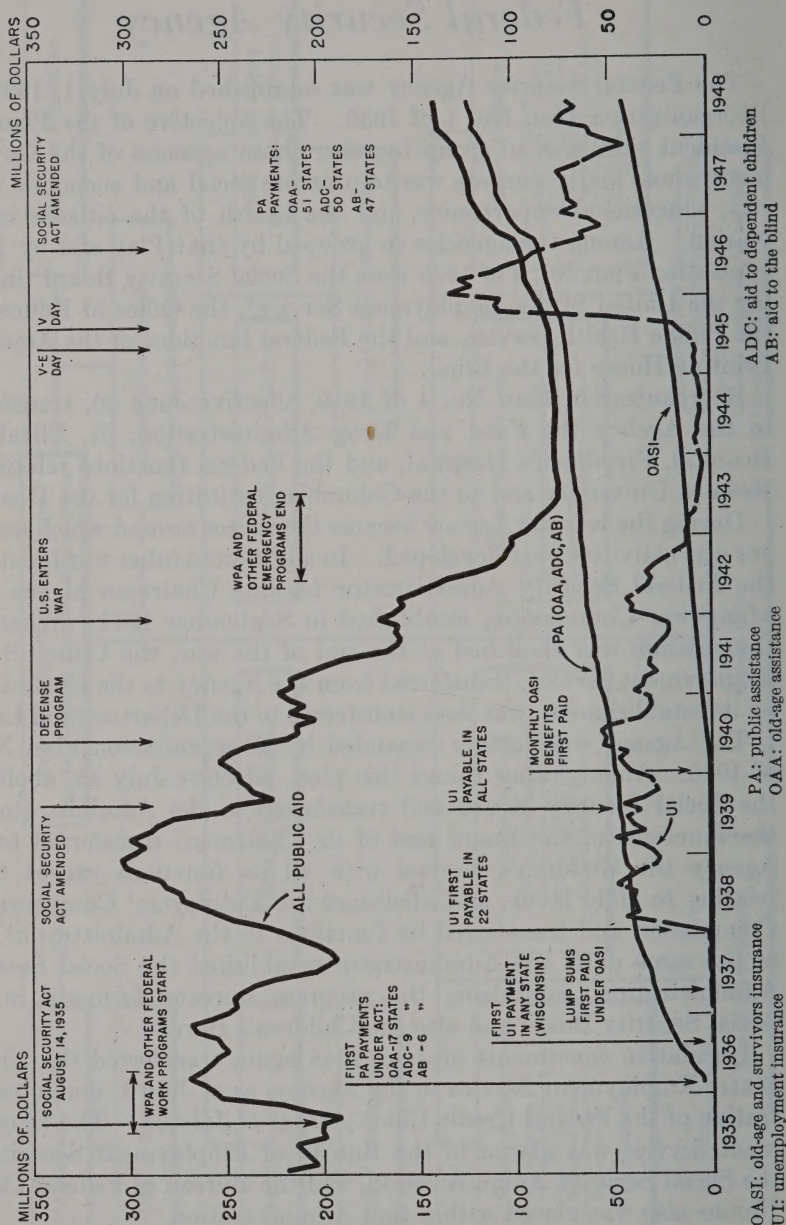
During the war the Agency became the center around which numerous war activities were developed. In addition to other war functions, the Federal Security Administrator became Chairman of the War Manpower Commission, established in September 1942. When the Commission was abolished at the end of the war, the United States Employment Service, transferred from the Agency to the Commission on its establishment, was then transferred to the Department of Labor.

The Agency was further expanded by Reorganization Plan No. 2 of 1946. Among other things this plan, effective July 16, abolished the Social Security Board and transferred to the Administrator all the functions of the Board and of its Chairman; transferred to the Agency the Children's Bureau with all its functions except those relating to child labor; and abolished the Employees' Compensation Commission and transferred its functions to the Administrator. As of the same date, the Administrator established the Social Security Administration, comprising the program bureaus formerly in the Social Security Board and also the Children's Bureau.

Legislative enactments of June 1948 again transferred the United States Employment Service to the Agency, as of July 1, and administration of the Federal Credit Union Act, as of July 29. The Employment Service was placed in the Bureau of Employment Security of the Social Security Administration, and the Bureau of Federal Credit Unions also was placed within that Administration.

The organization of the Agency at the close of the fiscal year 1948, plus the transfers effective in July, is shown on the accompanying chart.

Chart 1.—Payments for all public aid (public assistance and Federal work programs) and for public assistance and social insurance under the Social Security Act, by month, January 1935–June 1948



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Social Security Administration

A Comprehensive Social Security Program

THE SOCIAL SECURITY PROGRAMS for which the Social Security Administration has Federal responsibility under the Social Security Act operated during the fiscal year 1948 in a setting of full employment, a record peacetime production of goods and services, and rising prices. Fewer workers were without jobs than in the preceding year. Earnings were higher, and the aggregate volume of savings increased. Prices were also at a record high, increasing during the year more rapidly than did wages or industrial production.

The national income totaled \$212 billion, as against \$193 billion in the preceding 12 months. The Nation's total labor force, including the armed services, averaged about 62 million persons during the year, nearly a million more than in the fiscal year 1947. Civilian employment was about 1½ million higher, on the average, than in the preceding period. The number of persons in jobs covered by old-age and survivors insurance and unemployment insurance was the largest in the history of the programs, and the taxable wages of these covered workers, to which their benefits are geared, also reached record levels.

Even a vigorously functioning economy produces its share of economic casualties. Businesses die, plants are shut down for reorganization or retooling or because of shortages of raw materials, throwing out of work several million earners during the course of a year. Unemployment averaged about 2.1 million, or 150,000 less than the preceding year's average. In relation to the number of workers covered by State unemployment insurance systems, the number of eligible workers who filed claims remained low throughout the year. In June 1948, for every 100 covered workers, less than 4 workers filed claims for benefits. Not all workers who filed claims

received benefits, however. Of the 4.8 million who filed and had enough wage credits to qualify for benefits, about 3.8 million drew some benefits during the year. The average duration of the payment was 11 weeks. In the majority of cases, the other claimants who received no benefits were reemployed during the waiting period.

In June 1948, monthly benefits under old-age and survivors insurance were paid to almost 2.2 million beneficiaries—retired workers and their aged wives and dependent children, and widows, young children, and dependent parents of deceased insured wage earners. Public assistance payments were made in the same month to nearly 2.4 million needy aged persons, to 65,800 needy blind persons in the 47 States administering aid to the blind under the Social Security Act, and to nearly 1,150,000 children in 450,000 families receiving aid to dependent children. Both the number of mothers and children receiving services and the amount of services offered under the maternal and child health and child welfare services showed increases during the year as a result of the larger Federal grants made available by the 1946 amendments.

The gains in services to mothers and children would have been considerably greater, however, if the dollars expended for hospital and medical care and for welfare services had bought as much in goods and services as in previous years. The impact of high prices on the insurance and assistance programs was even more marked. In fact, during the year, as in the preceding fiscal year, Congress recognized the pressures of higher living costs by increasing Federal participation in public assistance payments, thus enabling the States to increase the level of payments under their State programs and to aid other persons who were forced to turn to the assistance programs to maintain themselves and their families. The increased Federal participation made it possible for a State to raise payments \$5 per recipient of old-age assistance and aid to the blind and \$3 per child receiving aid to dependent children, provided the State continued to spend as much per recipient from its own funds as before. The monthly benefit in old-age and survivors insurance, on the other hand, remained geared to the levels fixed in 1939. In view of the rise of some 70 to 75 percent in living costs since that year, the present benefits are no longer adequate in terms of purchasing power, nor do they represent an adequate replacement of wages.

In addition to the public assistance amendments, several other measures were enacted. For the sixth consecutive year, contributions under old-age and survivors insurance were held at 1 percent each for employers and employees. This time, the 1-percent rate was made effective for 1948 and 1949, and it was specified that the

rate should increase to 1½ percent each for 1950 and 1951, and to 2 percent for 1952 and thereafter.

Two other measures, enacted over presidential veto, affected the coverage of the insurance programs. The so-called News Vendors Bill (Public Law 492) excluded certain vendors of newspapers and magazines from coverage under old-age and survivors insurance and the Federal Unemployment Tax Act. Public Law 642 amended the definition of "employee" in the Social Security Act to exclude any individual (other than an officer of a corporation) who is not an employee under the usual common-law rules. Several hundred thousand persons who, as a matter of economic reality, were "employees" were thus reclassified as independent contractors and excluded from coverage under the insurance program. In vetoing both measures the President declared that they withdrew protection from persons now entitled to benefits and restricted coverage at a time when the program should be expanded.

Another enactment of administrative significance was the transfer of the United States Employment Service from the Department of Labor and its relocation in the Bureau of Employment Security of the Social Security Administration, where it had been when this country began to mobilize its manpower for defense and war. Similarly, Public Law 813, enacted June 29, transferred the administration of the Federal Credit Union Act to the Federal Security Agency, which established the Bureau of Federal Credit Unions in the Social Security Administration.

On April 8 the Advisory Council on Social Security, created by the Senate Committee on Finance, presented its first report to the Committee. The 17-member Council, chosen to represent all sections of the country and all walks of life, was appointed to assist and advise the Committee in studying the present programs under the Social Security Act. Its first report dealt with old-age and survivors insurance, and the Council recommended, among other changes, extension of coverage to all employments, increasing the tax base to \$4,200, liberalization of benefit amounts, allowing a beneficiary to have supplementary earnings of as much as \$35 a month without deduction from or loss of benefits, and reduction in the age at which women can qualify for benefits. A month later the Advisory Council submitted its second report, which recommended the adoption of an insurance program covering the risks of permanent and total disability and integration of that program with old-age and survivors insurance. As the fiscal year ended, the Council's reports on public assistance and unemployment insurance were pending.

PRESENT INSURANCE AGAINST WAGE LOSS

The reports of the Advisory Council and the economic and legislative developments of the past year have served effectively to confirm the Social Security Administration in its belief that the present limited system of social security, comprising the various programs operating under the Social Security Act and under other separate legislative measures, is an inadequate and inequitable way of providing the basic essentials of economic and social security for the Nation's gainfully employed persons and their families.

The assurance a wage earner and his family now have against the risk of wage loss arising from unemployment, old age, disability, or death of the family earner depends to a large extent on the provisions in effect for different types of occupations and the length of time the worker has been in the particular occupation. If, for example, he works in industrial or commercial employments, he is enabled under the Social Security Act to build up insurance protection against wage loss in his old age and for his survivors if he dies. Through the Federal-State unemployment insurance provisions of the act, he is insured against involuntary unemployment and is enabled to tide himself and his family along until he is called back to his old job or finds a new one. If he lives in one of five States, his unemployment benefit is increased by small supplementary amounts for certain specified dependents. In only two States can he draw benefits if his unemployment is due to temporary illness rather than loss of a job; in January 1949, workers in a third State will have similar protection.

If the wage earner happens to work in the railroad industry, however, he can qualify under the railroad retirement and unemployment insurance systems not only for unemployment and old-age benefits but also for temporary and permanent disability benefits and, if he dies, monthly survivor benefits are payable to his family.

For civilian employees of the Federal Government, different types of contributory retirement systems exist. If the employee is covered under the Civil Service, Canal Zone, or Alaska Railroad Retirement Acts, he can build up rights toward retirement benefits—both old age and permanent disability—and also survivor protection, but not unemployment insurance. Members of the Foreign Service of the State Department, or of any one of four other units of the Government, are covered under still other systems set up for the specific establishment and varying in the type of benefit and eligibility provisions in force. Still another group of Federal employees, including judges of the Federal courts, members of the various military services, and commissioned officers of the Public Health Service and

of the Coast and Geodetic Survey, draw retirement pay under a noncontributory Federal system.

Employees of State and local governments are covered by the retirement systems of the State or municipality for which they work, if the unit has such a system, and there is considerable variation in the provisions of the separate systems. Some two-fifths of all State and local employees have no retirement protection.

Veterans, as a group, have probably the most extensive protection through public provision for retirement and disability payments, hospital and medical care, and compensation for their survivors. The extensive veterans' program comprises a substantial part of all Federal expenditures for disabled persons, a large part of all Federal expenditures for medical care, and a considerable portion of expenditures for aged persons and surviving dependents. In the years immediately following the end of World War II, Federal readjustment allowances for unemployed ex-servicemen made up a large share of all payments drawn by the unemployed, and sizable amounts were paid in allowances to self-employed ex-servicemen under the terms of the Servicemen's Readjustment Act.

Of all these programs, old-age and survivors insurance and unemployment insurance under the Social Security Act have the broadest coverage. Yet in June 1948, 13 years after the act became law and when more than 61 million persons were in the employed civilian labor force, about 25 million of them were in jobs that were excluded from old-age and survivors insurance and some 28 million were in jobs not covered by State unemployment insurance systems. Many workers in excluded jobs have possibly greater need for protection than do those now covered, since groups such as agricultural and domestic workers include relatively large numbers of persons with low wages or irregular or uncertain earnings.

The limitations on coverage under the present retirement systems and the variation in types of risks covered by the different legislative provisions are clearly not due to a fundamental difference in the need for basic protection.

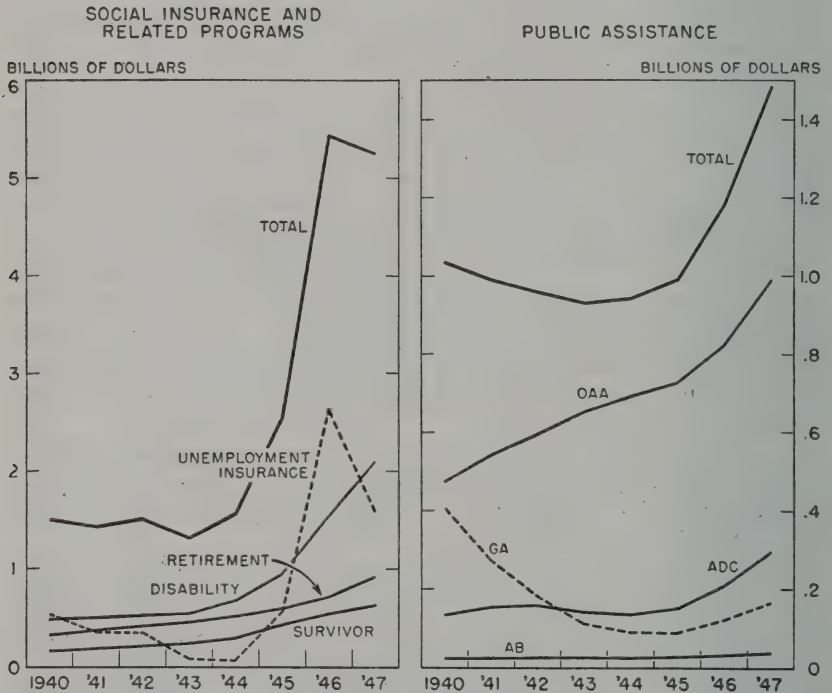
The extent of protection against similar risks also varies considerably. It would be entirely possible, under retirement plans now in effect, for a worker to become eligible for benefits under more than one plan, depending on the length and timing of his employment under each system. The more serious contingency, however, is that a worker with earnings under several of the programs may go through a working lifetime without acquiring benefit rights or survivor protection under any one program.

In addition to the problems of eligibility for benefits there is the problem of equity in the size of the benefits provided, in terms both

of comparability among the various systems and of current relationship to living costs.

These shortcomings of the present system are not caused by any fundamental conflict over the objectives of social security. They are due, instead, to the evolutionary development of public awareness of the need for adapting our social institutions to the changing needs of a highly industrialized country. As in the development of measures to promote educational opportunities and further the health and welfare of the population, the programs now included under the broad term of social security were adopted at different times to meet an emergent situation or the specific need of a group whose insecurity had gained public recognition. The legislation grew out of a positive need for action and fitted into a developing pattern of governmental

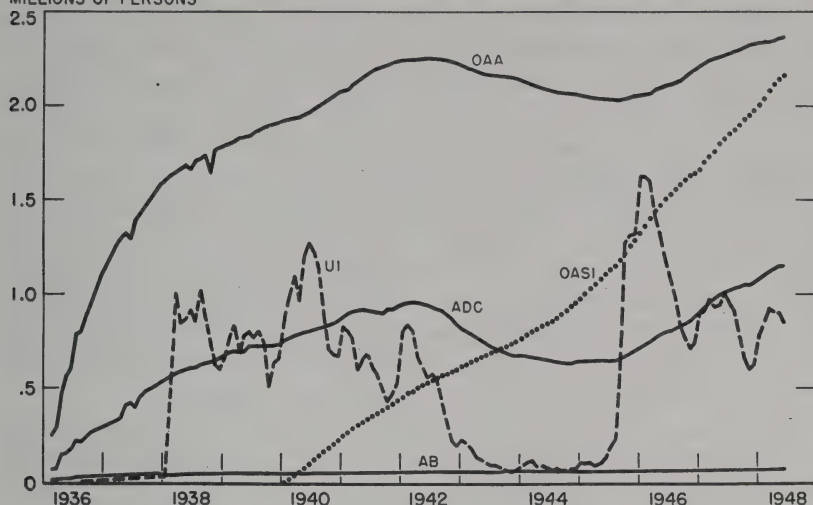
Chart 2.—Total payments under social insurance and related programs and under public assistance, 1940–47¹



¹ Retirement benefits under old-age and survivors insurance, railroad, Federal Government, State and local government, and veterans' programs; survivor benefits under old-age and survivors insurance, railroad, Federal Government, State and local government, veterans', and workmen's compensation programs; disability benefits under railroad, Federal Government, State and local government, veterans', workmen's compensation, and State sickness compensation programs; unemployment insurance under State systems, railroad and veterans' programs. OAA: old-age assistance. GA: general assistance. ADC: aid to dependent children. AB: aid to the blind.

Chart 3.—Social insurance beneficiaries and public assistance recipients under the Social Security Act, by month, February 1936–June 1948

MILLIONS OF PERSONS



responsibility. The inevitable result was a patchwork system, with major gaps in the protection afforded under the system and certain undesirable and unwarranted overlappings among the separate programs. Even the Social Security Act, significant as it was, was characterized by the Committee on Economic Security as a piecemeal approach, "dictated by practical considerations" but only a part of "the complete program which we must have ere long."

Over the years, as administrative experience has been acquired and as experimentation has proved the basic soundness of the programs, some progress has been made toward a more complete and comprehensive program. Certain legislative changes, on the other hand, have worked toward less comprehensive coverage and more stringent limitations of the basic objectives.

The need for a thoroughgoing review of the whole program was recognized by Congress in 1945, when the House of Representatives adopted a resolution authorizing the Committee on Ways and Means to obtain "information with respect to the need for the amendment and expansion of the Social Security Act." When the 1946 amendments were passed, both Houses of Congress affirmed the need for taking stock of the entire program. The reports of the Advisory Council to the Senate Committee on Finance, as well as other studies made by official groups during the past fiscal year and the studies made over the years by the Social Security Administration, provide a basis for action.

A SINGLE NATIONAL PROGRAM

The necessary changes can be accomplished most effectively and economically, the Social Security Administration believes, by a comprehensive social security program, based on a national system of contributory social insurance that would enable the great majority of gainful workers and their families to maintain independence in the face of all common threats to economic security. Even with a well-developed contributory insurance system, however, there will always be some persons who will fail to qualify for insurance benefits or whose benefits prove inadequate for family maintenance or who need a variety of services for which they turn to a public welfare agency. For these groups there should be a supplementary Federal-State system of comprehensive welfare programs, including public assistance and family, adult, and child welfare services, as well as services to safeguard the health of mothers and children.

Such a single basic national insurance system would bring into proper relationships the eligibility conditions, the amounts and duration of benefits, and the financing of the various programs. Moreover, the benefits paid would reflect more closely the wage loss actually suffered, since the individual's earnings in any job would be counted in computing his benefits.

Old-age and survivors insurance and unemployment insurance cover largely the same workers and should move in the direction of greater uniformity of coverage. A close relationship now exists between these insurance programs of the Social Security Act in the exchange of information on new employers and in preparation of data for estimates of employment and wages. As programs for permanent and temporary disability and health insurance are added to the social security program, the same wage records and the same central, area, and local office staffs can be utilized, thus assuring simplicity and economy of administration. Experience in operating old-age and survivors insurance has demonstrated the feasibility of decentralizing the day-by-day administration of a national program, to give individualized services through local offices that become closely interwoven with the life of the local community.

In the development of legislative and administrative provisions for a comprehensive system, there are innumerable elements, such as eligibility provisions, benefit formulas, dependents' benefits, claims and appeals procedures, and investment policies, that are common to more than one program. The development of temporary disability insurance, for example, involves close coordination with unemployment insurance, permanent disability insurance, and health and medical care plans. Problems of medical certification and rehabilita-

tion are closely related aspects of temporary disability, permanent disability, and health insurance. In any consideration of social security legislation, the cost of a specific program must be weighed in relation to the costs of other programs and proposals. Methods of raising funds through pay-roll taxes or general revenues and the effect of these methods on the economy should be evaluated in relation to methods used in other programs.

The Social Security Administration believes that there should be constant review of the entire social security program, so that adjustments can be made from time to time to accord with economic developments and experience. Numerous proposals have been made for changes in the programs, which require continuing study and review. Such review and study demand an adequate staff and sufficient appropriations to carry on effectively the necessary basic research. Sufficient funds should be made available so that advisory committees, representing the general public, the persons who contribute to the system, and the professional interests of particular groups concerned with a program, can meet frequently and so that the Social Security Administration can have the necessary staff to supply the members of such committees with relevant and current information.

Experience with advisory councils in 1935, 1938, and 1948 indicates, the Administration believes, the desirability of having an over-all advisory council periodically study the operation of the program and make recommendations for legislative changes. The Administration believes that the basic statute should provide for such periodic review.

At the present time, more than 77 million living persons have built up wage credits under old-age and survivors insurance. Some 2.2 million persons are receiving regular monthly insurance benefits. Some 37 million persons are insured under State unemployment insurance laws. Approximately 4.4 million needy persons are receiving public aid. Next to national defense, expenditures for the social security program, broadly defined to include veterans' pensions, and health and related programs, are the largest single item in the Federal budget. Federal grants to the States for social security purposes amount to more than 60 percent of all Federal grants. State unemployment insurance contributions account for approximately one-seventh of total State tax collections.

The size and importance of such a major segment of all public expenditures warrant not only the appropriation of adequate funds for research but also the appropriation of sufficient funds for public information. Right now, many individuals are losing valuable benefit rights because they lack information about the program. In a Nation-wide and dynamic program that affects actually or potentially the economic security and well-being of the vast majority of the wage-

earning population, such information must flow out in a continuing stream if the taxpayers, the beneficiaries, and the public as a whole are to know the provisions enacted by Congress for their protection and their rights and obligations under the law.

SUMMARY OF RECOMMENDATIONS

In presenting the following summary of the major recommendations for a comprehensive program, which are developed in more detail in subsequent sections of this report, the Social Security Administration once more reaffirms its conviction that current economic conditions offer an exceptional opportunity to develop a comprehensive program that will provide the basic essentials of social security for all persons in all parts of the Nation. It believes that a Nation with an annual income in excess of \$200 billion cannot afford not to strengthen all the economic and social defenses of free citizens in a democracy.

A Comprehensive Program of Social Security

A comprehensive, basic national system of contributory social insurance.—This basic program, covering all major risks to economic independence and all workers and their dependents threatened by such risks, would include insurance against wage loss in periods of disability and against costs of medical care, for which no general provision now exists in the United States, as well as old-age and survivors insurance and unemployment insurance. Cash benefits would be related to past earnings and additional benefits provided for dependents. The program would be designed to eliminate existing gaps in the coverage of both persons and risks, to remove present inequities in the protection of workers and their families and in the financial burdens of employers, and to provide a consistent relationship, not only among the insurance provisions for the various risks covered but also between the provisions of the basic system and those of supplementary special systems now in effect for particular groups. As compared with separate programs to meet particular risks, such a system would reduce administrative costs and reporting burdens and simplify arrangements as they affect workers, employers, and public agencies.

A comprehensive program of public welfare, including public assistance and family and child welfare services.—Under this program, on a Federal-State basis, payments and services financed from Federal and State funds would be available to any needy person in the United States, irrespective of the reason for need or the place of residence. The Federal financial contribution to such a program should be de-

signed to remove the great disparities now existing in the treatment of various classes of needy persons and to reduce the disparities in different parts of the country. The Federal Government should participate in payments made Directly to individuals or agencies authorized to supply medical services to needy persons.

The role of public welfare agencies should be strengthened by Federal participation on a State-wide, comprehensive basis in welfare services for families and adults and children. Federal grants should be available likewise to assist the States in developing such services to families and individuals—whether recipients of assistance or others not needing or requesting financial assistance—who turn to the agencies for help that will enable them to keep the family together, to become self-supporting, to make use of community resources, or to solve individual problems in family or community adjustment. Research should be conducted on the causes of dependency and other factors affecting family life.

A comprehensive program of health and welfare services for children and research in child life.—Such a plan should provide for the progressive development of the full range of health and welfare services essential to the physical, emotional, and social well-being of our children, to be available wherever they live and whatever their income or race. Research and investigation in child life are essential in supporting and guiding the development of these services and enriching our knowledge and understanding of the needs of children. Such research should approach the programs of child life from the point of view of the total child, his growth and development, and his place in society.

Legislative changes that would assist in the achievement of the objectives outlined above are discussed more fully in subsequent chapters. In brief, the recommendations include:

Old-Age and Survivors Insurance

Coverage of all gainful workers, including agricultural and domestic employees, public employees and members of the armed forces, employees of nonprofit organizations, railroad employees, and self-employed persons including farmers and small businessmen.

Repeal of the legislation eliminating certain salesmen and adult news vendors from coverage.

Changes in the average monthly wage and benefit formula to increase benefits materially, and increases in both minimum and maximum benefit amounts.

Increase to \$4,800 a year in the maximum amount of earnings

taxable and to \$400 in the maximum average monthly wage on which benefits are computed; expansion of the definition of taxable wages to include all tips, gratuities, and dismissal wages.

Increase in the amount of earnings a beneficiary may receive in covered employment without suspension of monthly benefits.

Reduction of the qualifying age for all women beneficiaries from 65 to 60 years.

Changes in eligibility requirements to make it easier for persons in newly covered employments and persons of advanced age to qualify for benefits.

Greater uniformity and greater equity in defining, for purposes of the insurance system, family relationships and conditions of dependency that qualify members of an insured person's family for benefits, especially with respect to the rights of dependents of women workers.

Payment of a lump sum in the case of every deceased insured wage earner.

Adoption of a long-range plan for financing old-age and survivors insurance which looks toward an eventual tripartite division of costs among employers, employees, and the Federal Government.

Unemployment Insurance

Extension of the Federal Unemployment Tax Act to all employers of one or more workers in covered industries and to many excepted employments.

Repeal of the legislation eliminating certain salesmen and adult news vendors from coverage.

Provision of unemployment benefits for employees of the Federal Government.

Provision for a weekly benefit that approximates 50 percent of the weekly wage for a claimant without dependents, and provision for supplementary amounts for claimants with dependents.

Provision of a maximum weekly benefit amount that will be not less than \$30 for a claimant without dependents and \$45 for a claimant with three or more dependents.

Provision of 26 weeks' potential duration of benefits for all claimants who meet the qualifying-wage requirement and whose unemployment extends over so long a period.

Provision that disqualifications for voluntary leaving without good cause, discharge for misconduct, or refusal of suitable work should entail only postponement of benefits for not more than 4 weeks rather than cancellation of benefit rights or reduction of benefits.

Definition of good cause for voluntary leaving or for refusing suitable work to include good personal reasons, not merely causes attributable to the job or the employer.

If unemployment insurance is made a part of a coordinated Federal social insurance system, reduction of the contribution for unemployment insurance to a level that will reflect cost experience and permit the proper utilization of reserves; if the present State-by-State reserve system is continued, a somewhat smaller reduction in contribution, with provision for a minimum employer contribution to State funds necessary to secure full credit against the Federal tax, with the States left free to modify their rates above the minimum contribution through experience rating, State-wide uniform tax rates, or some other way, and with a Federal solvency-guaranty fund. If tax-offset features are abolished, establishment of a grant-in-aid system for both benefits and administrative costs.

Earmarking the Federal share of the Federal tax for administrative expenses, with provision for a contingency appropriation and for advances to the States if their reserve funds run low.

Disability Insurance

Provision under Federal law for cash benefits to insured workers and their dependents during both temporary disability (less than 6 months) and extended disability (6 months and over).

Medical Care Insurance

Insurance against costs of medical care, including payments to physicians, dentists, nurses, hospitals, and laboratories, with provision for free choice of doctor and patient, decentralization of administration, and utilization of State administration.

Public Assistance and Welfare Services

Change in the basis of Federal financial participation to relate the Federal share more nearly to the financial resources of each State.

Increase in the maximums for aid to dependent children to conform substantially to the maximum in old-age assistance and aid to the blind.

Specific requirement that a State, as a condition of plan approval, shall apportion Federal and State funds among localities in accordance with their need for funds.

Grants-in-aid to States for general assistance to any needy person, as well as for the special types of public assistance.

In aid to dependent children, authorization for Federal financial participation in assistance to parents or other relatives who assume responsibility for parental care or support of any needy child and who maintain a family home for the child; such payment to be made without regard to the cause of the child's need.

As a condition of plan approval, no person to be denied aid to the blind because of age.

Approval of the State plan to be conditioned on the absence of any residence or citizenship requirement.

As a condition of plan approval, no State plan to require transfer of title or control of applicant's or recipient's property to the State or locality. The State would not be precluded from making a recovery from the estate of a deceased recipient for assistance that he had received, or from imposing a lien to secure this claim provided the applicant or recipient retained title and control of the property.

Authorization of Federal financial participation in payments made directly to individuals or agencies supplying medical services to needy persons.

Federal participation in assistance payments made to or in behalf of needy persons living in public medical institutions, except tuberculosis or mental hospitals. States to be required to establish and maintain suitable standards for all institutions of the types specified in the State plans as institutions in which recipients of assistance may reside.

Explicit provision, as a condition of plan approval, that a State shall define a standard of living to be achieved through the individual's own resources and assistance, and shall develop standards for evaluating income and resources, including only such income and resources as are actually available to the individual; such standards to be objective and State-wide in application.

Federal financial participation in all types of welfare services administered by the staff of the public welfare agency designed to help families and individuals become self-supporting, to keep families together in their own homes, and to reduce the need for institutional care; such services to be available, when requested, both to recipients of assistance and to others without regard to their economic status.

Extension to Puerto Rico and the Virgin Islands of Federal grants-in-aid for all assistance and welfare programs in which the Federal Government participates.

Study of the causes of dependency and other factors affecting family welfare, with a view to the development of suitable programs by public and private agencies for the advancement of family welfare.

Children's Services and Research in Child Life

Adequate funds to be made available to strengthen and broaden the work of the Children's Bureau as a center of information related to child life; to assist in financing specific research projects in child growth and development and in child life by universities, schools, child

research centers, agencies, and individuals; and to undertake original research and investigations that require Nation-wide study or that have Nation-wide significance to State and community programs for mothers and children.

To replace the present limitations in annual appropriations for child health and welfare services by an authorization for appropriations in amounts which are sufficient to provide for expansion of such services for children as rapidly as States can use additional funds effectively. State planning to proceed at a rate consistent with the availability of personnel and facilities that meet standards. Progress to be made year by year toward the goal of child health and child welfare services available in every local subdivision of the country.

Priority to be given by the States in developing their programs to groups of children in most urgent need—for example, children needing prolonged and expensive medical care; prematurely born infants; children with vision and hearing defects; children in need of health services and medical care in families receiving public assistance or social insurance; school children in need of health services and medical care; children in need of foster-home care; children in need of temporary or emergency care away from their own homes; children in need of day care; and children of migratory workers.

Legislation to provide that a definite percentage of the funds available for maternal and child health, crippled children, and child welfare services can be used by the Children's Bureau to promote effective measures on a national basis for carrying out the purposes of the programs, by demonstrations and evaluations of the means of carrying programs forward and by paying the salaries and expenses of personnel requested for temporary assignment by the State or local agencies, and for the administration of the programs.

Substantial Federal funds to be made available to the Children's Bureau to increase the number of professional and technical personnel through grants to such educational institutions as medical, dental, nursing, social work, and public health schools, and through a system of fellowships and scholarships to individuals who will specialize in services to children.

Coordinated Administration

Federal administration of all social insurance programs as a coordinated system.

Advisory committees for all programs, the committees to be composed of representatives of beneficiaries, employers, and the public.

Adequate appropriations and staff for research and program planning.

Adequate appropriations and staff for informational services to inform beneficiaries, employers, and the public of their rights and obligations under the Social Security Act and related laws.

THE MAJOR RISKS TO SECURITY IN 1947-48

Annual inventory of the social security status of the population is helpful in ascertaining the size of the groups experiencing income losses and the extent to which existing measures compensate wholly or partly for the losses sustained, and in throwing additional light on the reasons for the recommendations of the Social Security Administration for broadening and strengthening the country's social security program.

Unemployment

During the fiscal year 1948 a weekly average of 2.1 million persons were unemployed, somewhat more than were out of work during the acute manpower shortages of the war years but a smaller number than in 1946-47 and a record low for any peacetime year since 1929. Economists regard unemployment of 3 to 4 percent of the labor force as a normal contingency of the movement between jobs that is characteristic of a healthy economy and a free and mobile labor force. In 1947-48, unemployment receded to 3 percent of the labor force. The average unemployed worker was out of a job for a relatively brief time.

Perhaps two-thirds of the unemployed during an average week in 1947-48 were in receipt of unemployment benefits. The others were ineligible for benefits because they had not been in covered employment or had insufficient wage credits in covered employment, or they failed to draw benefits because they obtained new jobs before the waiting period had expired or because they had already exhausted their benefit rights.

Program	Average weekly number of beneficiaries (in thousands)		
	1946-47	1947-48	Percentage change
State unemployment insurance.....	902	815	-10
Railroad unemployment insurance.....	61	44	-28
Servicemen's Readjustment Act.....	1,126	534	-53

The number of unemployment insurance beneficiaries is only a partial measure of the protection afforded by the program. During the calendar year 1947 about 37 million persons earned sufficient wages

to be eligible for benefits under the State unemployment insurance systems. The 3.8 million different individuals who drew benefits in 1947 under these systems thus represented one in every nine persons with potential benefit rights.

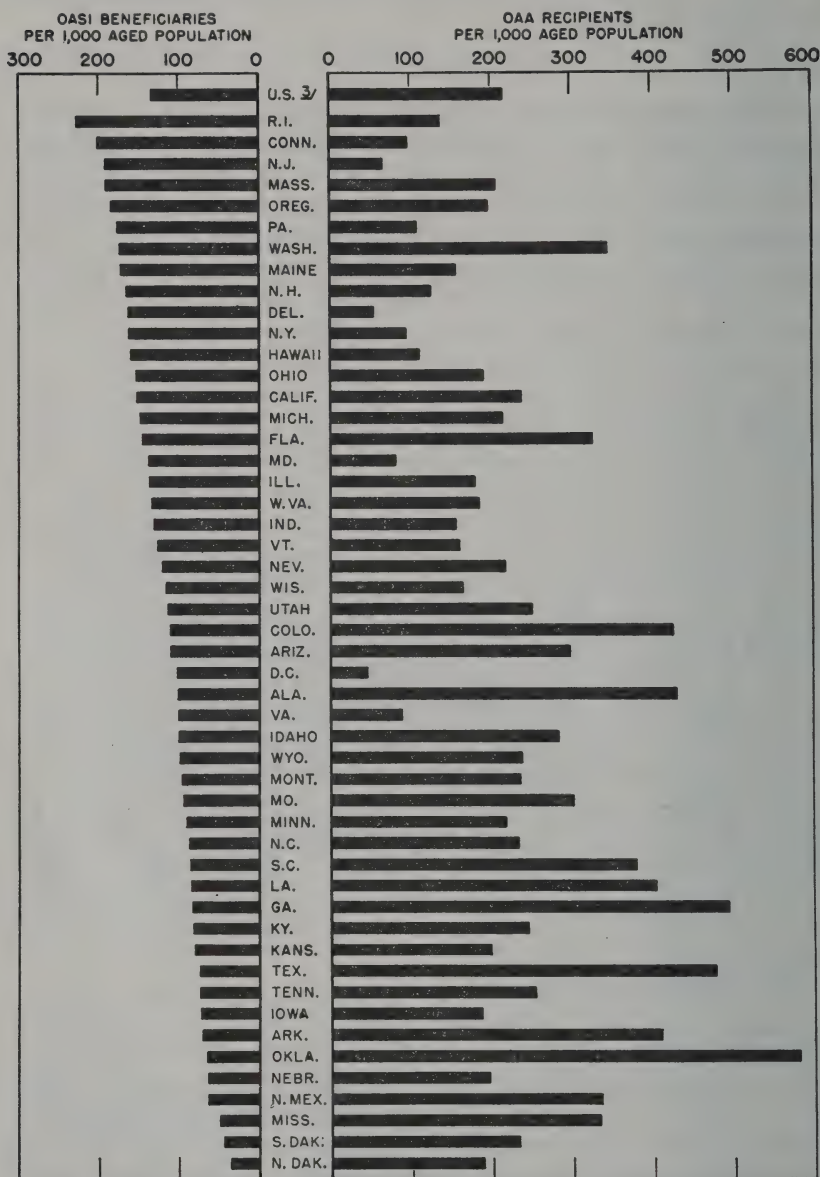
Old Age

In June 1948 about 44 in every 100 men 65 years and over were working; 16 percent were receiving old-age and survivors insurance; 10 percent were the beneficiaries of the railroad and government retirement programs or were in receipt of veterans' pensions or compensation; and 22 percent were on the old-age-assistance rolls. There is some duplication among these groups, and the number with income from other sources exclusively—industrial pensions, privately purchased annuities, investments, and aid from friends or relatives—is not known, but it is doubtful whether it exceeded 20 percent.

Since the establishment of the old-age and survivors insurance program in 1935 was motivated in part by a desire to retire older workers in order to make jobs available for younger people, it may seem surprising at first glance that the most important source of income for aged men in 1948 was employment. It is well to remember in this connection that two out of every three men are still in the labor force at age 65 and that the ratio does not drop below one in two until age 70. It is true that workers who have had sufficient earnings in covered employment are eligible for old-age and survivors insurance at age 65, and some retirement programs fix the eligibility age even lower. But, even with relatively attractive retirement provisions, pride in the retention of one's physical and mental vigor, habit, and a need to feel useful keep many aged persons at work. When the primary benefit averages \$25.13 a month, as it did in June 1948, it is largely the sick and enfeebled workers who retire; the aged earners who can stay at work do so. On January 1, 1948, of the 1.8 million persons who were aged 65 years and over and who were eligible for primary benefits by reason of age and wage credits, slightly fewer than half were in receipt of benefits.

The social security status of aged women presents many contrasts to that of aged men. Relatively few aged women are in the labor force; the great majority are dependent on others for support and their economic fortunes hinge largely on their marital status. About 55 in every 100 women aged 65 and over are widows; available information indicates that relatively large numbers are living with and dependent on their children. Their failure to qualify for social security benefits reflects to a large extent the relatively late start of the old-age and survivors insurance program and the present limitations in program coverage.

Chart 4.—Number of aged persons receiving benefits under old-age and survivors insurance¹ and number receiving old-age assistance per 1,000 persons 65 years and over in each State,² June 1948



¹ Primary, wife's, widow's, and parent's benefits in current-payment status at end of June.

² Aged population as of July 1, 1948, estimated by Social Security Administration.

³ Includes Hawaii.

Source of income	Persons aged 65 and over (in millions)		
	Total	Men	Women
Total.....	10.9	5.2	5.7
Employment.....	3.7	2.3	1.4
Earners.....	2.8	2.3	.5
Wives of earners.....	.9		.9
Social insurance and related programs:			
Old-age and survivors insurance.....	1.5	.8	.6
Other programs.....	.9	.5	.4
Old-age assistance.....	2.4	1.1	1.2

The major development during the year was the steady growth in the old-age and survivors insurance beneficiary load. Monthly benefits were paid to about 1.2 million aged persons in June 1947 and almost 1.5 million in June 1948, an increase of 22 percent. The old-age assistance load also increased, but only by 97,000 or 4 percent. A slight increase was experienced in the number of beneficiaries of the railroad and government programs. The number of aged earners remained at approximately the same level during the period.

As has been true for each year since old-age and survivors insurance monthly benefits were first paid in 1940, the number of insurance beneficiaries grew more rapidly than the number of assistance recipients. In the 3 years June 1945-June 1948 the ratio of old-age assistance recipients to aged beneficiaries of old-age and survivors insurance dropped from three to one to about one and a half to one. This shift in the relative importance of the two programs has been more pronounced in some parts of the country than in others. In June 1948, 11 States had more aged persons on the insurance rolls than on the public assistance rolls. As might be anticipated from the coverage provisions of the insurance program, these were mostly industrial States. As the insurance program matures, an increasing number of aged persons will qualify for benefits. On January 1, 1948, approximately 37 million persons were fully insured under old-age and survivors insurance, including 25 million men, or more than half the male labor force in the country. Extension of coverage to all employments, as recommended by the Social Security Administration, may be expected to enable relatively more of these individuals to retain their insurance status until age 65, and to help workers now in noncovered employment to acquire insured status.

Death of the Family Earner

Improved mortality experience has reduced the relative number of fatherless children and young widows in recent years, but death still takes a large toll of men in the prime of life. In 1947-48, perhaps

one-third of a million women under age 65 became widowed. All told, the country had in June 1948 about 3.4 million widows under 65 years of age. Employment constituted a major source of income for almost half the total. Somewhat more than half a million received benefits from social insurance or related programs, including 140,000 beneficiaries under old-age and survivors insurance and about 400,000 under the veterans' program. Slightly less than 100,000 were in families receiving aid to dependent children.

Young widows qualify for benefits under most survivor programs only when they have in their care children under 18 years. Among such widows the proportion with income from social insurance and related programs is therefore much higher than among widows as a group. Of the estimated 0.7 million widows in June 1948 under age 65 and with children under 18 years, between one-half and two-thirds were beneficiaries under old-age and survivors insurance, the veterans' program, or the railroad retirement program or were members of families receiving aid to dependent children.

Fatherless children under 18 years of age numbered approximately 2.6 million in June 1948, of whom 530,000 or 20 percent were receiving old-age and survivors insurance. Close to 300,000 or about 11 percent were beneficiaries of the veterans' program and some 32,000 were receiving payments under the recently established survivor program of the Railroad Retirement Board. About 260,000 were receiving aid to dependent children.

Source of income	Fatherless children under age 18 (in millions)	Widows under age 65 (in millions)
Total.....	2.6	3.4
Employment.....	.2	1.5
Social insurance and related programs:		
Old-age and survivors insurance.....	.5	.1
Other.....	.3	.4
Aid to dependent children.....	.3	.1

Since 1943, more fatherless children have been receiving old-age and survivors insurance than aid to dependent children. From 1943 to 1948 the proportion of fatherless children benefiting from old-age and survivors insurance rose from approximately 7 to roughly 20 percent of the total. This proportion is likely to grow, since the 28 million men who were fully or currently insured on January 1, 1948, and whose death could give rise to survivor benefits, included in their number more than half the men in the country with one or more children under 18 years.

Disability

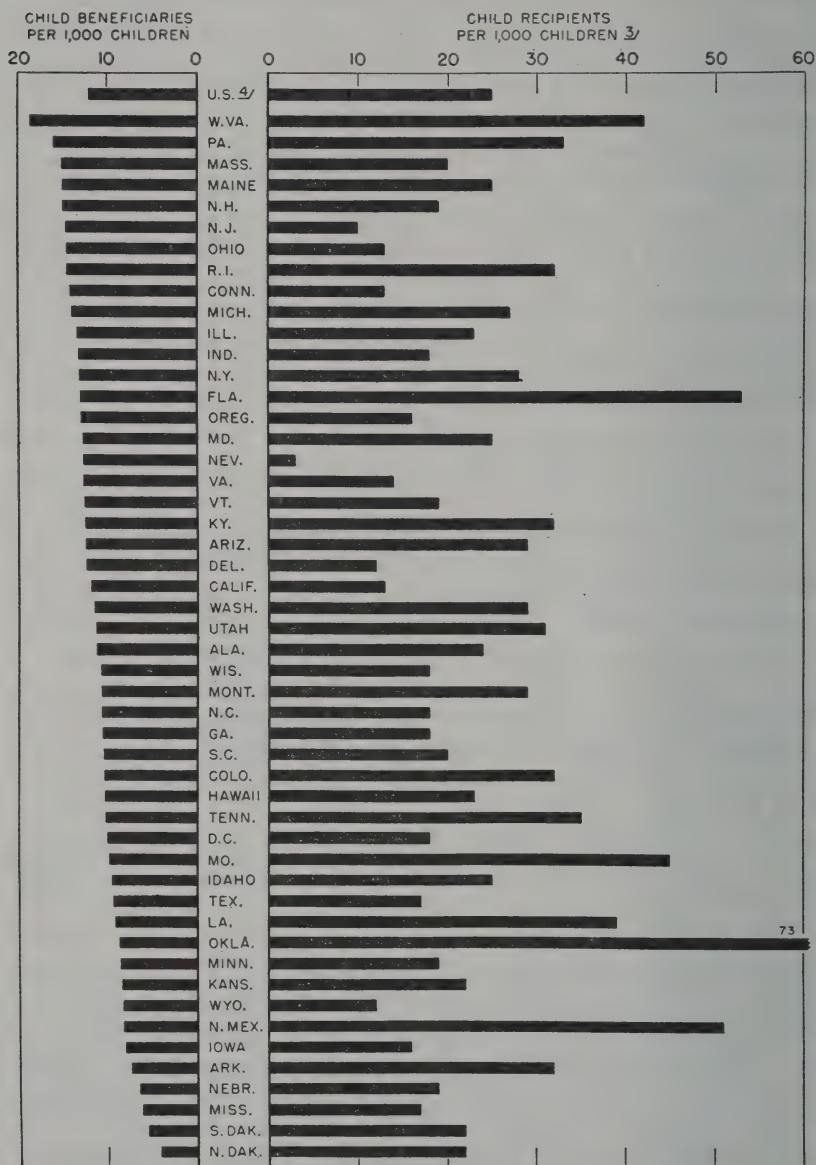
Compensation for wage loss suffered as a result of industrial injury was one of the earliest forms of social insurance in the United States, but 40 years after the enactment of the first operating workmen's compensation act the country still does not have any generally available insurance against wage loss caused by temporarily disabling illness or permanent total disability of nonindustrial origin. Existing disability insurance programs are limited in coverage to particular areas, particular employments, or particular types of disability.

In the field of temporary disability, most of the earnings lost by the daily average of about 2 million persons recently in the labor force but with a disability that keeps them from working remain uncompensated. Some replacement is effected through formal and informal sick leave plans in industry, private group and individual insurance, and the benefits administered by mutual benefit associations and unions. Public cash sickness insurance systems have been in operation in Rhode Island since 1943 and in California since 1946. These provide limited benefits for temporary disability for approximately the same workers as are covered by unemployment insurance. In 1947-48, beneficiaries averaged 4,900 per week in Rhode Island and 18,500 per week in California. Under legislation adopted in June 1948, New Jersey begins paying benefits under its temporary disability program on January 1, 1949.

Workers suffering from prolonged total disability are exposed to greater economic hazards than those whose wages are temporarily interrupted by illness or injury. For individual families the result is frequently the complete loss of all family resources. In the United States there are 2 million or more persons who have been totally disabled for longer than 6 months and who, but for their disability, would be in the labor force. The proportion with compensation against wage loss is even smaller than in the case of temporarily disabled workers.

Government workers have some protection against loss of earnings due to permanent disability under provisions which permit retirement for either age or permanent disability, although the benefits for disability may be very low unless the worker has had substantial prior periods of employment. In June 1948 approximately 35,000 persons were receiving benefits under the Federal program and 27,000 under programs administered by State and local governments. The railroad social insurance program provides benefits for temporary as well as permanent disability and for maternity. Persons retired for permanent disability numbered 62,000 in June 1948. Temporary disability beneficiaries averaged 27,000 per 14-day benefit period in 1947-48. An average of 1,000 drew maternity benefits.

Chart 5.—Number of children receiving benefits under old-age and survivors insurance ¹ and number receiving aid to dependent children per 1,000 children under 18 years of age, ² June 1948



¹ Child's benefits in current-payment status at end of June.

² Population under 18 years of age as of July 1, 1948, estimated by Social Security Administration.

³ Rate for Nevada is for program administered without Federal participation.

⁴ Includes Hawaii.

In 1947, \$290 million was paid in cash benefits for temporary or permanent disability of a work-connected origin. Disabilities arising out of employment constitute, however, less than 5 percent of all disabling illnesses and injuries.

Of a rather different character is the program for veterans. Somewhat more than 2 million veterans were receiving pensions or compensation for disability in June 1948. However, most of these beneficiaries were only partially disabled and were engaged in some employment; they are not included in the estimated 4 million persons, cited above, who are too disabled to work.

In the absence of general insurance systems for either temporary or permanent disability, a substantial number of disabled individuals or their dependents are cared for through public assistance. Aid to the blind went to 83,000 persons in June 1948. In the same month the families of about 90,000 incapacitated men received aid to dependent children. More than one-third of the cases opened for general assistance in large cities are in need because of the illness or disablement of the chief earner, suggesting that, among the 366,000 cases throughout the country receiving general assistance in June 1948, perhaps 120,000 contained a disabled wage earner.

Medical Care

Many people go for relatively long periods without a single illness, but the average individual is ill once during the course of a year. Most illness is not disabling; some is disabling but does not require bed care; perhaps one illness in five confines the patient to bed. The more severe the illness, the less frequent is its occurrence and the more expensive it becomes. Somewhere early along the scale of lessened frequency but greater severity, the cost of an illness slips beyond the ability of the average family to pay out of current income. And since no individual knows when severe or expensive illness will strike, saving money on an individual basis to pay for large medical bills is impractical and economically unsound for most families. For middle and low income groups, inability to pay for medical care extends even to the more common conditions requiring a doctor's attention.

Whether the sick person is a subsistence farmer living from hand to mouth or a skilled worker with a savings account to fall back on in an emergency, the consequences of paying for medical care on an individual and fee-for-service basis are generally the same—hesitance and reluctance to seek medical advice in the early stages of illness when it can be most useful, inroads into family resources, a strain on family living standards, and a mortgage on the family's future earnings. In poor areas it means fewer doctors and fewer hospitals,

since local funds are often too meager to finance and support hospitals, and doctors are unable or reluctant to practice in areas where remuneration is low and diagnostic and treatment facilities are inadequate.

It was to avoid such consequences that plans for prepaying hospital and medical costs were devised. An insurance plan to pay for hospital care for merchant seamen was established by Congress as long ago as 1798. The modern use of the insurance approach to the problem of medical care costs originated in this country in the need to provide medical services for work-connected injuries to people in hazardous industries or in areas remote from medical facilities. In time, the employees affected, chiefly in the railroad, lumbering, and mining industries, increased their contributions to finance medical service for all illness regardless of origin and to cover the illness of dependents as well. Somewhat later, groups of physicians operating private clinics undertook to furnish medical care on a prepayment basis. As the idea spread, it was taken up by consumer-sponsored groups, by fraternal organizations, by unions, and by State and county medical societies. In June 1948 about 28 million persons were members of voluntary prepayment hospital service plans. Nearly 10 million persons, including many with prepaid hospital coverage, were protected against the cost of some or most of their medical care through voluntary prepayment medical care plans. About 15 million persons, including dependents, were covered for part of their hospital expenses through group contracts written by commercial insurance companies. Almost as large a number, about 12 million, were insured for surgical expenses through group commercial insurance contracts. An unknown number of persons have some indemnity insurance against medical costs through individually purchased accident and health insurance policies.

The voluntary prepayment plans have been useful in demonstrating the feasibility of the insurance approach to medical care costs. They have developed a body of experience in the administration of such plans. They have accustomed millions of Americans to the idea of meeting medical care costs not on an emergency basis but through periodic budgeting. They have acquainted large number of persons with the value of having access to medical service as needed, without the barrier interposed by cost. In plans with employer participation, they have reduced the financial burden which illness throws on low income families.

Voluntary plans, however, have not met, and they do not promise to meet in the foreseeable future, the needs of the American people. The groups least able to purchase medical care in the existing market are likely to be the last to be reached, if ever, by voluntary plans. To bring them protection, a national health insurance plan is needed.

The voluntary plans, furthermore, offer only partial protection in the great majority of cases, being limited either to hospital care up to a maximum number of days per year, or to specified surgical services in hospitalized cases. They do not adjust contributions to income and are relatively costly. The voluntary insurance plans have achieved their present coverage in large measure by keeping the premiums down through provision of only partial and limited benefits.

A national health insurance plan would bring comprehensive medical care within the reach of every American, encourage increases in medical personnel and facilities and their availability in areas now inadequately served, and provide continuity of insurance protection to persons moving from job to job or from one area to another.

Health insurance is not a public salaried medical service, and is not, therefore, "socialized medicine" in the customary and proper sense of this phrase. It makes use of the existing system of private competitive practice. The significant change from present arrangements is the substitution of payment from an insurance fund for individual payment by patient to doctor. The patient remains free to select the doctor of his choice, and the doctor retains his freedom to accept or reject patients. Doctors are free to choose the method by which payments are made to them from the insurance fund. Hospitals remain under their customary ownership, control, and management, as when they make contracts with voluntary insurance plans to be reimbursed for services to insured persons. In its administration, health insurance can and should be highly decentralized, adapted to local needs and conditions. Subject to national standards, State and local agencies would participate in the administration of the programs. Maximum utilization would be made of existing facilities and personnel, and arrangements could be made with private groups and organizations to provide services to insured persons.

Such a national health insurance program need not increase the Nation's present medical bill, currently running about 4 to 5 percent of the national income. It would promote the more effective use of this expenditure, would distribute each year's cost over the whole population instead of permitting it to fall only on those who suffer illness, and encourage a more adequate supply and a better distribution of medical personnel and facilities. In conjunction with proposals looking toward the construction of additional hospitals and related facilities, expansion of public health and maternal and child health services, governmental aid for medical education and research, and protection through insurance against the loss of wages from sickness and disability, it should enable the country to move forward with accelerated speed toward the conquest of illness and alleviation of its social and economic consequences.

Old-Age and Survivors Insurance

In 1947, more persons worked in employment covered by old-age and survivors insurance and total and average taxable wages were larger than in any previous year. Approximately 42.5 million living workers were insured on January 1, 1948. Of these individuals, 11.6 million were permanently fully insured; they will remain insured throughout their lifetime even without additional covered employment. By the end of the fiscal year, 2,163,000 beneficiaries were receiving monthly payments. Monthly benefits and lump-sum payments certified in the fiscal year reached the record total of \$531 million. At the beginning of June 1948, however, because of the limited coverage of the program, some 25 million persons out of an employed civilian labor force of more than 61 million were in jobs that provided no credits toward benefits under the program.

OLD-AGE AND SURVIVORS INSURANCE IN 1947-48

Legislation in 1947-48

During the fiscal year, four laws relating to the program were enacted by Congress and two reports were made by the Advisory Council on Social Security appointed by the Senate Finance Committee. The Social Security Administration furnished technical services and information, upon request, both to the congressional committees considering social security legislation and to the Advisory Council.

In August 1947, Congress enacted Public Law 379, which continues the contribution rates under the Federal Insurance Contributions Act at 1 percent each for employers and employees for the calendar years 1948 and 1949, and fixes the rate at 1½ percent each for the years 1950 and 1951 and 2 percent each thereafter.

Under the 1939 amendments, services performed by individuals under age 18 in the delivery or distribution of newspapers or shopping news were specifically excluded from old-age and survivors insurance coverage. The coverage of other individuals engaged in the sale and distribution of newspapers depended on whether such individuals were employees. News vendors, generally, were held by the courts and administrative agencies to be employees of the publishers. On April 20, 1948, however, Congress passed Public Law 492, which excludes services in the retail sale or house-to-house delivery of newspapers and magazines without regard to the age of the individual vendor, provided his compensation consists in whole or in part of the difference between the purchase and the sale price of his stock. The law specifically provides that the receipt of a guaranteed minimum compensation or the right to receive a refund for unsold newspapers or periodicals—

two factors usually considered relevant to determining whether or not an employer-employee relationship exists—shall not affect the exclusion. The amendment also provides that wage credits which had been reported to the Bureau of Internal Revenue or which had been posted to the individual's account by the Social Security Administration with respect to services performed before April 20, 1948, will remain credited to the individual's account for benefit purposes.

Public Law 642, an act defining the term "employee" for social security purposes, was passed on June 14, 1948. This law amends the Social Security Act and related sections of the Internal Revenue Code by redefining the term "employee" in the law. The amended definition excludes from coverage under the law any individual who, under the usual common-law rules applicable in determining the employer-employee relationship, has the status of an independent contractor, or any individual (other than an officer of a corporation) who is not an employee under such common-law rules. This amendment is to have the same effect as though it had been included in the Social Security Act of 1935. However, wage credits which have been reported to the Bureau of Internal Revenue with respect to service performed by persons who may not have been employees under the usual common-law rules will not be disturbed. The law also provides that its enactment shall not have the effect of voiding wage credits with respect to services performed before October 1, 1948, in the case of persons who attained age 65 or died before that date and who, before the effective date of the law, had wage credits that would not have been established if the amended definition had been in effect on the date the Social Security Act became law. Under the amended provisions, the Federal Security Administrator is required to submit to Congress estimates of the total amount of benefits, both those paid and those to be paid under title II, that would not have been paid had the original law defined the scope of its coverage in terms of the usual common-law rules. An appropriation from general revenues to the trust fund in the amount of these estimates is authorized.

Certain provisions of Public Law 744, a law passed on June 23, 1948, that amended the Railroad Retirement and Railroad Unemployment Insurance Acts, are of significance to old-age and survivors insurance in view of the coordination of survivor benefits under the two programs. One section of the new law provides, in effect, that when a worker has made contributions under the railroad retirement program, total payments to his survivors will never be less than an amount equal to such contributions plus an allowance in lieu of interest. Thus the new law represents a reversion to the principle of return of contributions, as distinguished from the principle of social adequacy

incorporated in both the 1939 amendments to the Social Security Act and the 1946 amendments to the Railroad Retirement Act.

Under the new law it is possible for a survivor to get benefits under both the railroad retirement and old-age and survivors insurance programs. If a survivor is eligible to receive a deferred benefit at age 65 based on both railroad retirement and old-age and survivors insurance wages, he may elect to receive, instead, the new return-of-contribution lump sum. In addition, he will receive a deferred benefit based on old-age and survivors insurance wages only, if such wages are sufficient to qualify him. Previously, under the 1946 amendments to the Railroad Retirement Act, wage credits under the two programs were combined in all survivorship cases, and benefits were payable under only one of the two programs.

Pursuant to Senate Resolution 141, the Senate Finance Committee in September 1947 appointed an Advisory Council on Social Security, composed of 17 prominent citizens from various walks of life and representing different parts of the country. The Council was authorized and directed to make a full and complete investigation of old-age and survivors insurance and all other aspects of the existing social security program, particularly with respect to coverage, benefits, and taxes. The Council's report on old-age and survivors insurance was submitted to the Senate Finance Committee on April 8. It recommended extension of coverage to the major groups now excluded, and modification of the program's eligibility, benefit, and financing provisions. On May 8, the Council submitted a report recommending that old-age and survivors insurance be expanded to provide insurance benefits in cases of permanent and total disability.

Applicants for Account Numbers

There were 2,728,000 account-number applications received in the calendar year 1947, the smallest annual number on record. Applications declined almost 10 percent from the 1946 level and were about two-thirds below the wartime peak reached in 1942. As a result of the gradual reduction of the reserve of adults to whom account numbers have not already been issued, boys and girls under age 20 have formed a steadily increasing proportion of all applicants. They represented nearly three-fifths of all account numbers issued in 1947, the largest proportion in any year.

By the end of 1947, a total of 89.6 million social security accounts had been established, and wage credits had been posted to roughly 82 million of these accounts.

Workers and Their Wage Credits

By January 1, 1948, a total of 76.9 million living workers had earned wage credits under old-age and survivors insurance, of whom approximately 3.0 million were aged 65 and over.

The total number of workers employed in covered jobs at some time during 1947 (estimated at 49.2 million), the total amount of wage credits they earned during the year (\$76.7 billion), and the average annual wage credits per worker (\$1,559), were all larger than in any previous year. The 2.7 million persons who received their first wage credits in 1947, on the contrary, represented a smaller number of new entrants than in any other year. As compared with 1946, these preliminary estimates for 1947 show increases of 0.2 percent in the total number of workers in covered jobs, 12.6 percent in total wage credits, and 12.4 percent in average wage credits per worker. The number of new entrants to covered employment decreased 13.5 percent.

Insurance Status

By the beginning of 1948 an estimated 36.8 million living persons were fully insured under the program. Among them were 11.6 million who were permanently fully insured; they had acquired sufficient quarters of coverage to remain fully insured throughout their lifetime without further covered employment. Approximately 1.8 million of these permanently insured workers were aged 65 or over, and of this number 875,000 were currently receiving benefits. Most of the 940,000 not receiving benefits were still working in covered employment.

In addition to the 36.8 million who were fully insured, 5.7 million workers were currently but not fully insured on January 1, 1948. Thus, of all living persons who had worked in covered employment at some time during 1937-47, 55.3 percent were insured at the beginning of 1948. The corresponding figure for January 1, 1947, was 55.6 percent. From January 1, 1947, to January 1, 1948, the number of permanently insured living workers increased 35 percent, the number fully but not permanently insured decreased 6 percent, the number only currently insured decreased 11 percent, and the number uninsured increased 3 percent.

The majority of the persons who had some wage credits but were not insured had worked in covered employment in too few calendar quarters to gain insurance protection. The cumulative amount of taxable wages these uninsured workers had received was comparatively small. On January 1, 1947, the average per capita wage credits

accumulated by living uninsured workers during the preceding 10 years was \$1,081, in comparison with \$10,994 for workers fully insured at that date and \$4,914 for those only currently insured.

Beneficiaries and Their Benefits

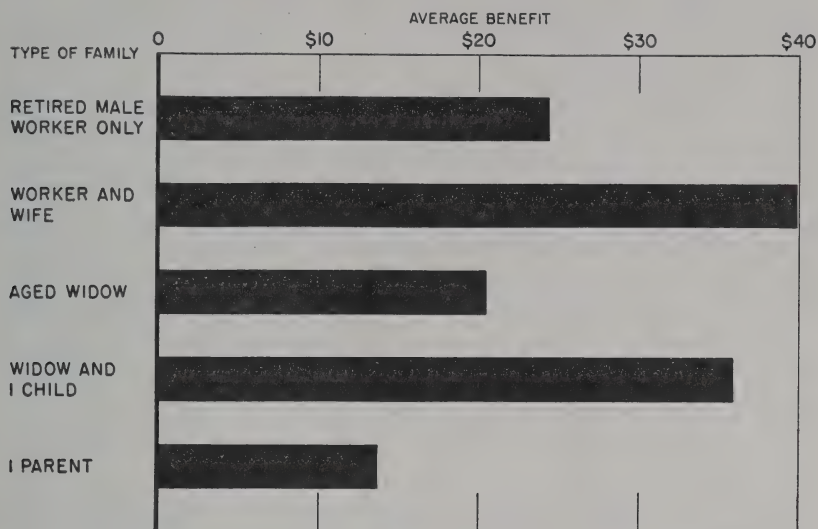
The 292,000 primary benefits awarded to aged workers during the fiscal year 1948 was a record number, representing almost one-half of all monthly benefits awarded in that period and 20 percent more than the number awarded in the 1947 fiscal year. This increase is partly attributable to the discontinuance of the "inactive freeze" procedure. Under this emergency procedure, claims filed by insured workers still in covered employment were not developed by the field office until the claimant had stopped work. Since an award is not recorded until adjudication is completed, these cases were not included in award totals. After the discontinuance of the inactive-freeze procedure, however, all claims received were completely processed and recorded as awards. Increases in the number of the other types of monthly benefits awarded ranged from 2 percent for widow's current and parent's benefits to 21 percent for aged widow's benefits. In all, 609,000 monthly benefit awards were made during the 1948 fiscal year, a 12-percent increase over the previous record total in the fiscal year 1946.

The number of persons receiving monthly benefits increased steadily throughout the year, from 1.8 million on June 30, 1947, to 2.2 million on June 30, 1948; the monthly amounts payable to these beneficiaries increased from \$35.1 million to \$42.4 million. Persons aged 65 or over comprised 67.7 percent of the total number receiving benefits at the end of the fiscal year, as against 65.4 percent on June 30, 1947.

By June 30, 1948, one or more persons in 1.5 million different families were receiving monthly benefits. Retired worker families made up 66 percent of the total at the end of the fiscal year and survivor families, 34 percent. The average benefit being paid at the end of the fiscal year to a retired worker with no dependents receiving benefits was \$25.60 for men and \$20.00 for women. For a retired worker and his wife the average was \$39.90. For survivor families, the average benefit being paid to aged widows was \$20.50; for a family consisting of a widowed mother and one child, both receiving benefits, it was \$35.90.

Monthly benefits certified to the Treasury Department for payment totaled \$499 million in 1947-48, a 23-percent increase over the 1946-47 amount; the \$31 million certified for lump-sum payments represented a 10-percent increase. These amounts included \$2.3 million certified for monthly survivor benefits and \$1.2 million for lump sums

Chart 6.—Average monthly old-age and survivors insurance benefits in current-payment status, by type of family, June 30, 1948



payable to the survivors of World War II veterans under section 210 of the Social Security Act. These benefits would not have been payable if special provision had not been made under the 1946 amendments for guaranteeing protection to the survivors of a veteran who died within 3 years following his discharge from military service. During this interim period the veteran has an opportunity to gain or regain insured status on the basis of his covered civilian employment.

Although the 194,000 deceased wage earners represented for the first time in lump-sum payments in the fiscal year constituted a record high, only 108 separate claims for lump sums were paid for every 100 such deceased wage earners, in contrast to 138 during the 1946 fiscal year. The decrease in the average number of payments per wage earner is due to the elimination, under the 1946 amendments, of payments in certain cases. Effective with deaths occurring after 1946, lump-sum payments cannot be made to a spouse who was not living with the wage earner at the time of his death, or to children or parents, except as reimbursement for burial expenses.

During the 1948 fiscal year, benefits were awarded under old-age and survivors insurance to survivors of approximately 11,500 workers who had credits under both the old-age and survivors insurance and the railroad retirement systems. In addition, survivors of approximately 1,700 workers had their benefits recomputed to include railroad earnings of the deceased wage earner.

Appeals

During the fiscal year, 2,045 requests for hearings were filed; these requests voiced appeals from administrative decisions concerning eligibility for benefits, benefit amounts, suspension of benefit payments, or amounts of wage records. In addition, 391 appeals were carried over from the preceding year. Hearings were completed in 1,923 appealed cases during the year, and the referees disposed of 1,878 cases, including some heard previously. Approximately one-fifth of these decisions modified, in the claimants' favor, the original determinations of the Bureau of Old-Age and Survivors Insurance. At the close of the fiscal year, 22 civil actions concerning claims were pending in the courts; 6 of the 11 such cases decided during the year upheld the Administration's position. Of the 46 court decisions that have been rendered since the appeals provisions of the 1939 amendments went into effect, 33 upheld the Administration's action.

Administrative Developments

In the light of Public Law 642 (see page 79) the Social Security Administration is reexamining its policies and procedures that concern determinations of employer-employee relationship. The procedures will cover the correction of wage earners' accounts in certain groups of cases, and material is being compiled for the required report on benefits paid before and after the passage of this legislation. Negotiations are being conducted with the Bureau of Internal Revenue to prevent the making of conflicting coverage determinations.

To effectuate the Supreme Court decision in *Nierotko v. Social Security Board*, which held that back pay awarded by the National Labor Relations Board is wages and must be allocated and credited to the period in which it legally should have been paid, the Bureau of Old-Age and Survivors Insurance examined, with the permission of the National Labor Relations Board, the records of that organization concerning awards made from 1937 to 1941, inclusive, to obtain necessary wage data for correction of the wage records of the workers concerned.

During the past year, digests of approximately 450 selected rulings of the Office of the General Counsel and the Bureau of Old-Age and Survivors Insurance and decisions of the Appeals Council and the courts were printed and distributed.

Public Law 744 (see page 79) creates, in section 2, a new area in which information regarding specific cases must be exchanged between the Bureau of Old-Age and Survivors Insurance and the Railroad Retirement Board. It also creates variations in entitlement that affect administrative handling. The Bureau is cooperating with the

Railroad Retirement Board in setting up procedures that will be administratively practical and generally equitable.

The benefit rights, at age 65, of certain survivor beneficiaries under the railroad program will no longer be determined by the Railroad Retirement Board but come under the old-age and survivors insurance program and within its administrative framework. Also, the eligibility or benefit rates of some old-age and survivors insurance beneficiaries at age 65 will be affected by the removal of railroad compensation from the wage record on which their benefits are based. There will be cases in which three different adjudications will be made by the two agencies: a survivor's current monthly benefit or a lump sum (by either of the two); a residual payment (by the Railroad Retirement Board); and an aged survivor's monthly benefit (by the Bureau of Old-Age and Survivors Insurance).

The Railroad Retirement Board may want considerable information from the Bureau's records concerning particular cases to enable the Board to seek out potential claimants and advise those who, in order to receive the residual payment, must irrevocably waive some future rights. In deciding whether a residual payment is allowable and computing the amount of the residual payment, that Board will have to obtain information on the amounts previously paid by the Bureau of Old-Age and Survivors Insurance in a specific case.

The facilities of the United States Foreign Service have been made available for handling the applications of claimants for old-age and survivors insurance benefits residing in foreign countries. Under arrangements made with the State Department, the filing date for applications or written requests is fixed as of the time they are received in a United States Foreign Service Office. Heretofore, the date that such applications were received in an office of the Bureau was held to be the filing date.

Administrative Costs

The total cost of administering the old-age and survivors insurance program during the fiscal year 1948 amounted to 2.9 percent of the contributions received during the year, while it represented 9.3 percent of benefit payments. This total included costs incurred by the Bureau of Old-Age and Survivors Insurance as well as all administrative costs incurred by the Treasury Department, the Social Security Administration, and the Federal Security Agency which were directly attributable to the program. The total also included the costs incurred by the Treasury Department in collecting contributions under the Federal Insurance Contributions Act, managing the trust fund, and issuing benefit checks.

The administrative costs attributable to the Bureau have declined from 2.6 percent of contributions collected in the fiscal year 1941 to 2.1 percent in 1948. These costs include administration of 6 area offices, 475 field offices, 1 branch office, 2,317 itinerant stations, and 16 detached official stations, as well as the central offices of the Bureau in Baltimore. A major portion of the Bureau's administrative costs relate to the maintenance of centralized wage records of the 89.6 million accounts established as of January 1, 1948. While many of these wage records are basic documents to support current claims for insurance benefits, most of the wage records will be used to support future claims. Hence, a portion of the current administrative costs might be considered as chargeable against future years.

Financing the Program

The Social Security Act Amendments of 1947, approved August 6, 1947, froze the contribution rate payable on taxable wages by workers and employers at 1 percent each during 1948 and 1949 and raised the rate to 1½ percent each for 1950 and 1951 and to 2 percent for 1952 and thereafter.

Assets of the Federal old-age and survivors insurance trust fund increased by \$1,248 million during the fiscal year 1948 and by the end of June totaled \$10,047 million. Contributions from employees and employers during the fiscal year amounted to \$1,616 million, almost 11 percent more than the previous record amount collected during the 1947 fiscal year. Additional appropriations from the general fund of the Treasury to the trust fund for salaries and other expenses through June 1948 resulting from administering the payment of benefits to survivors of certain World War II veterans, as provided under section 210 of the Social Security Act, totaled \$1.1 million. Interest received on investments amounted to \$191 million. Expenditures for benefits increased steadily throughout the year and totaled \$512 million, 20 percent more than in the preceding fiscal year. Administrative expenses amounted to \$47 million.

In June 1948, Congress authorized (Public Law 646, 80th Cong., 2d sess.) the transfer of almost \$3.0 million from the general funds of the Treasury to the trust fund for additional benefits paid in the fiscal year 1947 under section 210 to survivors of certain World War II veterans and of \$0.3 million for administering the payment of benefits under that section during the fiscal year 1949. These appropriations, however, are not reflected in the trust fund figures for June 30, 1948. In the fiscal year 1948, additional benefit payments certified under section 210 totaled \$3.5 million, and discussions are under way with the Bureau of the Budget concerning an appropriation to the trust fund for these payments.

During the latter months of 1947, increased offerings of Government bonds in the market forced the price of the bonds slowly downward. As a result, the Treasury Department purchased for the old-age and survivors insurance trust fund, as well as for other trust funds, Government securities in the open market in order to support Federal bond prices. It was the first time in the history of its investment operations that the trust fund acquired Government securities in this manner; the first such purchase was made during November 1947. Hitherto, trust fund investments in regular Treasury bonds had been limited to acquisition at the time they were offered to the public.

All the Treasury bonds acquired during the fiscal year—\$585 million at 2½ percent and \$4 million at 2¼ percent—were purchased at a premium in the open market. The corresponding par value of these purchases is approximately \$583 million. The books of the Treasury Department carry the asset value of these bonds as their principal cost—i. e., the gross purchase price less the amount paid for accrued interest—at the time of acquisition. The interest rate on all special certificates of indebtedness acquired during the last 3 quarters of the fiscal year increased to 2½ percent as compared with 2 percent at which special issues were acquired in the preceding fiscal year and the first quarter of the current year. This rise reflects the increase in the average interest rate on the interest-bearing public debt of the United States.

Holdings of 2½ and 2¼ percent regular Treasury bonds totaled \$2,228 million at the end of the fiscal year, 36 percent more than the amount held at the beginning of the year. Cash balances amounted to \$110 million. The remaining \$7,709 million was invested in 2½ percent special certificates of indebtedness.

IMPROVING THE PROGRAM

The achievements and shortcomings of the old-age and survivors insurance program have been considered at length by a number of official groups during the past year. Alternative methods of widening the program to include agricultural and domestic employees and the self-employed were examined by the Treasury Department, primarily in the light of its experience in administering the program's tax provisions. The Department concluded that "On the basis of the studies that have been made, it appears evident that administrative considerations no longer constitute a barrier to expanded coverage." The Advisory Council on Social Security, appointed by the Senate Committee on Finance in September 1947, examined the program in the light of the needs of the noncovered groups and the ability of the program to meet these needs. As a result of these studies the Council

made a number of recommendations for extending and improving the program. The House Committee on Ways and Means also examined certain phases of the program, among them the extension of coverage. The reports of the investigations of these groups indicate, as have the studies made by the Social Security Administration, that the program should be substantially amended if it is to supply an adequate measure of security for the American people. The following major amendments are suggested by the Social Security Administration.

(1) Extension of coverage to the principal types of employment not now covered, namely self-employment, agricultural and domestic service, employment for the Federal Government—both civilian and military—and for State and local governments, employment for railroads and for nonprofit religious, charitable, and educational organizations. This extension would result in an increase in the number of persons who could qualify for benefits and would make possible a closer relationship between benefits and the person's actual earnings. In addition, it would have the desirable effect of reducing the number who, under present conditions, make some contributions to the program but do not acquire insured status.

(2) More adequate benefits, including revision of the benefit formula and the retirement test, reduction of the age of eligibility for women from 65 to 60, and adjustment of the requirements for insured status and the method of computing average wages.

(3) Addition of insurance against disability. Provision for protection against this hazard would greatly increase the value of the program, since disability is an important cause of insecurity. If such protection were provided, it also would be feasible to "freeze" the disabled worker's status under the program and thus to prevent periods of extended disability from reducing or destroying his protection under the survivor and retirement provisions.

These suggestions and related recommended changes are discussed in the following sections.

Extension of Coverage

The old-age and survivors insurance program has already attained a significant place in the economic and social life of the Nation. Largely because of the limited coverage of the program, however, its significance is not as great as it could be. Of 76.9 million living persons with wage credits at the beginning of 1948, 34.4 million, or about 45 percent, were neither fully nor currently insured.

Of the 42.5 million individuals who had insured status at the beginning of 1948, 11.6 million were permanently insured. Regardless of their future employment, these workers will be eligible for retirement

benefits at or after age 65; and in the event of death, their survivors will qualify for monthly benefits or lump-sum payments. Even for these workers, however, shifts between covered and noncovered employment have disadvantages. Any time spent in noncovered employment will result in a reduction of their "average monthly wage" and, consequently, of the amounts payable when they or their families become eligible for benefits. For the 30.9 million persons who were insured at the beginning of 1948 but who had not acquired permanently insured status, leaving covered employment not only will reduce any future benefits but may entirely wipe out their rights to benefits under the program and those of their dependents and survivors. The 34.4 million contributors who did not have insured status have no rights to benefits at present even though they have made some contributions under the program.

Not only do individuals and their families suffer but society as a whole is affected by the failure of old-age and survivors insurance to furnish for all gainfully employed persons a floor of protection against the hazards of old age and premature death. The present program assumes some of the costs which would otherwise have to be borne by

Chart 7.—Living workers with wage credits under old-age and survivors insurance, by insurance status at beginning of year, 1940–48

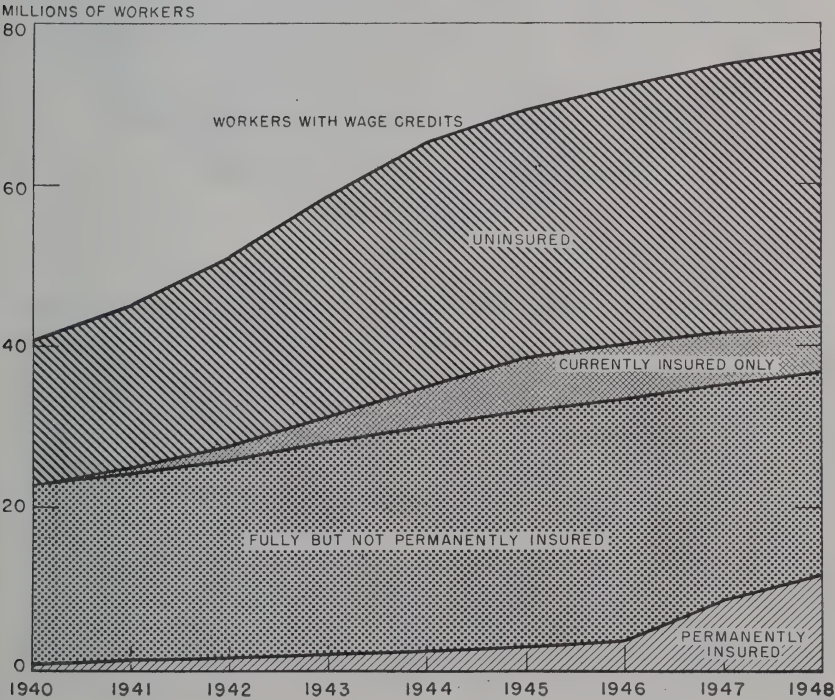
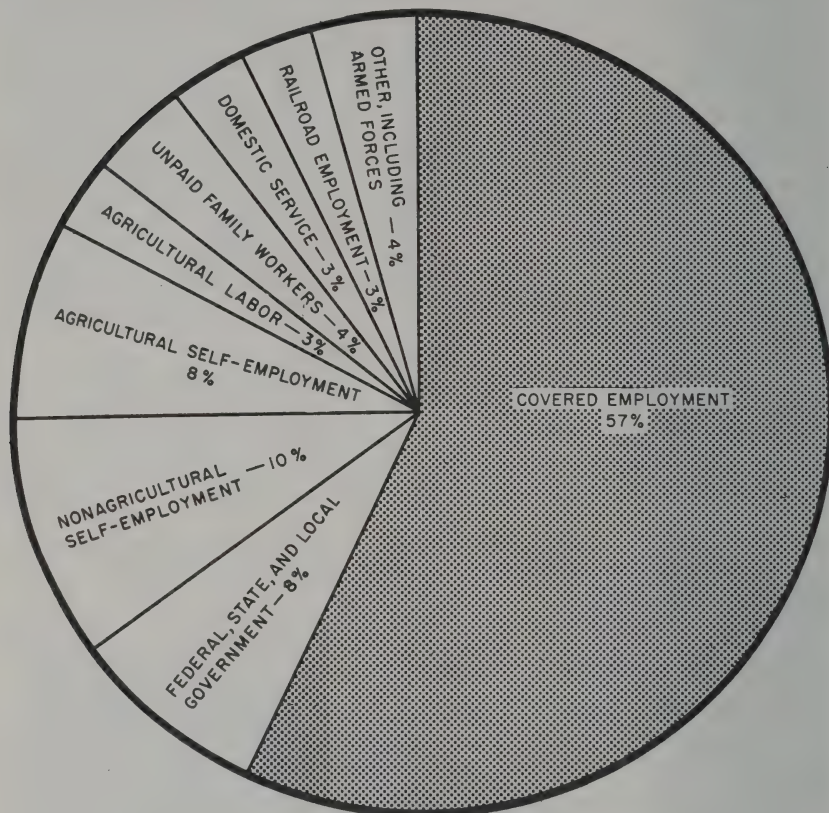


Chart 8.—Percentage distribution of the average monthly employed labor force in 1947, by covered and noncovered employment under old-age and survivors insurance



public assistance out of funds derived from general taxation. A program of full coverage would assume a greater proportion of these costs and would be particularly valuable to agricultural States, whose public assistance burdens, under limited coverage, are comparatively heavy. It would be of greater help than the limited program in stabilizing the economy by maintaining purchasing power, particularly when other forces tend to depress business activity. It would also be more effective than the limited program in averting family disorganization, delinquency, and loss of individual self respect.

Considerations of cost also indicate the preferability of a program of full coverage over the present limited one. While the former would result in greater amounts paid in benefits and greater expenses of administration, the contributions received under it would also be greater. When both expenditures and receipts are considered, that is,

when costs are expressed as a percentage of the total amounts of wages on which contributions are collected, a program of full coverage is seen to be less costly than a program of limited coverage.

The reasons for starting with a program of limited coverage were stated by the Committee on Economic Security when the original act was passed, and were espoused, in general, in the earlier annual reports of the Social Security Board. To ensure the success of a vast new program, it was considered safest at the start to confine coverage to commerce and industry, where employers were accustomed to some type of wage and tax reporting.

But these reasons, originally quite valid, have been of declining significance. For example, many individuals have found it necessary to keep operating records in connection with the lowered income-tax exemptions, farm-aid programs, wartime rationing, and similar measures. Of even more significance is the experience acquired by the Social Security Administration and the Treasury Department during 12 years of administering the present program. Difficult problems, many of which were first envisaged with anxiety, have been resolved, and detailed procedures have been worked out and tested. Specialized machines and methods have been devised to handle large volumes of work at low unit costs. Appropriate plans for covering each of the excluded groups have been developed, and there is every reason for confidence that an expanded program can now be undertaken successfully.

Because extension of the system to noncovered employment would meet the needs of millions of individuals for protection against loss of income from gainful employment and would better enable the program to attain its social and economic objectives, the Social Security Administration recommends that coverage should be extended at the earliest possible date to substantially all gainfully occupied persons.

Special considerations involved in the coverage of each of the excluded groups and possible methods of accomplishing their coverage are summarized in the following paragraphs.

Self-employment.—The number of persons working as self-employed farm operators at some time during the year rose to an estimated total of 6.4 million in 1947. The number of urban self-employed rose to 7.7 million. These large numbers highlight the disadvantages of excluding the self-employed from old-age and survivors insurance coverage.

The most widely known group of farm operators—those who operate commercial family farms—represents about 55 percent of all farm operators. The gross value of their products, including goods consumed in their own homes, ranges from \$1,200 to \$20,000 a year,

with the greatest concentration at the lower end of the range. Usually, little income is received from off-farm work and the farmer does not look for such work. The work on the farm is done almost entirely by members of the family. Most of these operators have the same need for social insurance as do other persons with low to moderate incomes. The most prosperous group of farm operators—those whose farms are larger than commercial family farms and have a gross annual value of products of \$20,000 or more—represents only about 2 percent of the total number of farm operators. At the other extreme is a group, comprising 43 percent of all farm operators, whose farms produce less than \$1,200 worth of products annually. It includes both farmers with small holdings, who do not have much nonfarm employment, and others who work half-time or more off the farm. For many of these farmers, income from farming is a minor part of total income and is substantially supplemented by wages in covered employment or by earnings from urban businesses. Many of them spend some time in covered employment and as a result contribute to the program. At present, however, their farm work does not count either in establishing insured status or in the computation of the benefit amount; expanded coverage would enable them to acquire benefit rights or to qualify for higher benefits.

Old-age and survivors insurance coverage for the urban self-employed would benefit not only persons who, after a period of covered wage employment in their youth, engage permanently in urban self-employment but also those who are intermittently self-employed for short periods and ultimately return to wage employment. Under the present limited program, members of the former group either lose the insured status they gained from their covered wages or retain eligibility for small benefits only. The members of the latter group are essentially wage earners whose temporary excursion into self-employment has the effect of reducing the benefits for which they might qualify under old-age and survivors insurance.

Continued cooperation between the Treasury Department and the Social Security Administration during the past year has made further improvements possible in the plan for covering the self-employed that was suggested in last year's annual report. Under that plan, "net income from self-employment" would be derived from two schedules of the Federal income-tax return—profit (or loss) from business or profession (Schedule C) and income from partnerships (line 1 of Schedule E). The use of these schedules continues to be the best approach to coverage of the self-employed, but it will also be possible to have these schedules include dividends, interest, and royalties derived from a trade or business and rents received in the operation of a hotel or lodging house or of a real estate dealer's busi-

ness. This refinement will permit the full coverage of many genuinely self-employed persons who would not be covered if interest, dividends, rents, and royalties were categorically excluded for coverage purposes from self-employment income.

Under the present program, old-age benefits are paid only if the beneficiary substantially retires from employment, on the principle that limited social insurance funds can be used to best advantage if those benefits are paid only to persons who are no longer self-supporting through their wages. The self-employed person should likewise not receive benefits unless he has substantially retired from gainful activity. While retirement often is more difficult to determine for the self-employed than for wage workers, several feasible tests of their retirement, based on criteria comparable to those used for wage workers, have been developed.

The Social Security Administration opposes the proposal that the self-employed be included under the program on a voluntary basis. Experience with voluntary programs reveals that an elective plan would probably cover comparatively few people. Under the British Voluntary Contributors Act of 1937, for example, only an estimated 20 percent of those eligible actually obtained insurance despite the inducements of especially low premiums for initial entrants and of substantial governmental subsidies. A voluntary plan for independent agricultural workers in France, subsidized only to the extent of administrative expenses, resulted in insuring only about 4 percent of those for whom the plan was available. In Sweden, a subsidized voluntary pension plan in its twenty-third year of operation had slightly more than 8,000 contributors in a year in which the population included more than 4 million persons between the ages of 16 and 66.

Individuals with low incomes who are hard pressed to make ends meet would not be likely to participate in a voluntary plan. As a result the program would be of little value to those most in need of the protection it would afford. The most likely participants would be those nearing retirement age and others who could expect to receive much more in benefits than they would pay for. Their participation would result in a substantial drain from the old-age and survivors insurance trust fund. Therefore, this proposal would amount to subsidizing voluntary contributors at the expense of either workers compulsorily covered or the Federal Treasury. These considerations, among others, led the Advisory Council on Social Security to declare in its recent report on old-age and survivors insurance that "voluntary coverage is defensible only where the Federal Government cannot under the Constitution apply compulsion."

Farm and household labor.—Farm and household workers are "forgotten people" in that they are almost completely unprotected by

the social legislation available to workers in commerce and industry.

Some 4.1 million agricultural laborers and 3.0 million domestic employees worked on our farms and in our homes at some time during 1947. According to a recent report of the Bureau of Agricultural Economics, average cash wage income in 1947 for all types of farm wage workers, both full-year and part-year workers, was \$583. This amount represented \$408 from farm wages and \$175 from nonfarm wages. According to estimates of the Bureau of the Census, 7 out of every 10 household workers in 1945 had annual cash earnings of less than \$500, and 2 in 10 earned from \$500 to \$999. To the earnings of both these groups, of course, must be added the value of payments in kind, such as food, shelter, and transportation.

The low average wages of these workers are due, in part, to the intermittent and part-time employment of many of them. The wages of regular, year-round workers, however, also are low when compared with wages in other employments. The ability of farm and household workers to provide for their survivors or for their old age, therefore, is less than that of any other large group of gainfully employed persons, and their need for protection under the insurance program is correspondingly greater.

The exclusion of farm and household workers from old-age and survivors insurance creates difficult administrative problems. Work "incident to ordinary farming operations," for example, is "agricultural labor." In certain circumstances the man who makes the boxes used by fruit pickers is an "agricultural laborer," while the individual who makes the boxes in which the fruit is shipped to market is not. Inconsistencies such as these could be eliminated if the program were extended to all gainfully employed persons.

When the coverage is extended to farm and household workers, it would be desirable to follow the suggestion of the Advisory Council on Social Security that "the administrative agencies concerned should be left free to decide on the methods to be used." Several methods are available, and our studies of their relative merits are continuing. Among them is a stamp plan similar to that used in several other countries. If such a plan were adopted, however, some employers of farm and household workers might prefer to use the quarterly reporting method now used by employers in commerce and industry. Enterprises which the act defines as "agricultural" but which operate under industrial and commercial conditions and large-scale farms employing clerical help would find the present system most convenient. So, too, would individuals and college fraternities and sororities that employ several household workers.

The stamp plan could be used by other farm and household employers, generally those who have only one or two employees or who

hire workers only occasionally. Under this plan the farm or household worker would be provided with a stamp book, in which the employer would place special social security stamps indicating the amount of wages he had paid the worker. The employer would purchase the stamps from the post office. Half the cost of the stamps would be deducted from the worker's earnings as his share of the contribution or tax. Just as under the present pay-roll plan of reporting, the money value of noncash wages, such as meals and lodging, would be included as wages. These stamp books would be sent to the Social Security Administration, which would post to the worker's wage record the amount of the wages reported in the stamp book.

Employment by nonprofit organizations.—Under present provisions of the program, employees of nonprofit charitable, scientific, educational, and religious organizations are excluded from old-age and survivors insurance coverage. About 1.1 million persons had some employment with such organizations during 1947. The exclusion resulted originally from the opinions expressed by persons in the nonprofit field, at the time of the program's enactment, that coverage of religious institutions under the Federal program might be a threat to the traditional principle of separation of church and state. Others feared that to levy the employer's tax would undermine the traditional tax-exempt status of nonprofit institutions.

Study of pertinent material indicates that there is no reasonable basis for this fear. Employees of nonprofit institutions are covered under workmen's compensation laws in a number of States. The organizations so covered have been required for many years to insure their workers against accidents and to make reports to the State. Their experience indicates that nonexemption under those laws has not endangered their tax-exempt status, and it is reasonable to assume that old-age and survivors insurance coverage would not endanger this status either.

Moreover, the attitude of nonprofit institutions toward coverage has now changed. The opposition shown in the past has been replaced by a growing conviction that social insurance is necessary and desirable for most employees of nonprofit organizations. This conviction is reflected in memorials, petitions, and resolutions passed by such organizations and in statements made by them to the public and before congressional committees.

Measures have been proposed by various individuals and organizations which would extend old-age and survivors insurance coverage to employees in the nonprofit field on a voluntary basis. However, unless accompanied by safeguards that would largely nullify its social effectiveness, voluntary coverage of employees of nonprofit institutions would involve selection adverse to the trust fund, Organiza-

tions most likely to choose coverage would be the employers whose employees would stand to gain disproportionately large benefits in return for the contributions.

Under a voluntary plan, moreover, it is not unlikely that a large number of organizations would fail to elect coverage. Organizations with an unstable financial basis, which pay the lowest wages and whose employees consequently are probably in greatest need of protection, are least likely to elect coverage. Thus a voluntary plan probably would fail to provide protection where the need is greatest. With such incomplete coverage of this employment area, the situation would not differ greatly from the present one. Workers who transfer to the nonprofit field from other employment areas covered under old-age and survivors insurance or who transfer from one job to another in the nonprofit field would, as now, be in danger of losing the protection they have already acquired, either under old-age and survivors insurance or under one of the private retirement plans now in operation.

In addition, voluntary coverage on the part of nonprofit organizations would result in serious recordkeeping and other administrative burdens for the Government in connection with withdrawals from and reentries into coverage and in connection with delinquency in the payment of contributions. Adoption of a voluntary plan would also set an unfortunate precedent that might be extended to other areas and could lead to the eventual breakdown of the present system.

The Social Security Administration recommends that coverage under old-age and survivors insurance be extended to employment for nonprofit organizations on a compulsory basis. Only by extending coverage compulsorily can all employees in the nonprofit field be assured protection against want in old age and the protection of their survivors in case of death. Moreover, if coverage were extended compulsorily, workers who transfer from other employment areas covered under old-age and survivors insurance, or who transfer from one job to another in the nonprofit field, would have continuous protection. The special retirement systems now in operation could be revised so as to supplement the protection provided under the Federal program. It is significant that after considering these various points the Advisory Council on Social Security recommended, by an overwhelming majority, the coverage of nonprofit organizations on a compulsory basis.

In extending coverage, consideration should be given to the special characteristics of the group. The present exclusion of clergymen and members of religious orders, for example, might be continued. Provision might also be made for the payment of all contributions directly into the trust fund, and the legislation might contain a reassurance

that coverage of this employment is not intended to violate the traditional tax-exempt status of nonprofit organizations.

Federal civilian employment.—Approximately 2.7 million civilians were employed by the Federal Government in 1947. About three-fourths of all Federal civilian employees are covered under the civil-service retirement system. Another 1 percent has coverage under other retirement systems for Federal employees. The rest do not have protection under any benefit system.

Old-age and survivors insurance coverage would be particularly valuable for this latter group. At present these employees of the Federal Government cannot build up retirement or survivor protection for themselves and their families. Many are part-time or temporary employees who are likely to shift between jobs in Federal and private employment. The time they spend in Federal employment will in many cases prevent them from acquiring protection under old-age and survivors insurance. When they do acquire an insured status under the latter, the amounts of any benefits which become payable will be smaller than those of workers having comparable earnings but continuous coverage. Coverage of Federal employment under old-age and survivors insurance would provide these employees with continuity of protection regardless of shifts between Federal and private employment.

Similar disadvantages are suffered by employees who are covered by the civil-service retirement system but who do not acquire benefit rights under that system. A substantial proportion of persons with some coverage under the civil-service system will fall in this category. No payments other than a refund of contributions are made with respect to individuals who have less than 5 years of Federal civilian employment. Even before the war, the percentage of employees expected to withdraw from Federal employment before completing 5 years of service was high. Estimates developed from prewar employment figures indicated that scarcely more than one-half of all Federal employees could be expected to stay in service for 5 years.

Those who spend at least 5 years but less than 20, and who elect to receive a refund of their contributions, forfeit all benefit rights. Also, the survivor benefits provided by amendments to the Civil Service Retirement Act in February 1948 are not payable if the employee dies after leaving active service but before retirement; even after retirement, old-age benefits are not available for the widow of an annuitant unless he had elected a reduced joint and survivor annuity.

The civil-service retirement benefits are usually much higher than old-age and survivors insurance benefits although, because of the

importance of length of service in the determination of benefit amounts under the civil-service system, survivor benefits for the families of young workers are relatively low. Despite the excellence of this staff retirement system, however, the over-all protection of the Federal employees who acquire benefit rights under it would be improved and placed on a sounder basis if their Federal employment were also covered under old-age and survivors insurance. Such workers often have spent some time in employment covered under the latter system. Under existing provisions, their total protection will frequently suffer because they will fail to acquire benefit rights based on their employment covered under old-age and survivors insurance. On the other hand, when a worker does qualify for old-age and survivors insurance benefits as well as a civil-service annuity, the total amount he may receive with respect to the same risk may be unduly large in relation to his contributions. In view of the fact that each benefit will contain an element not paid for by him, such payments constitute an inefficient use of the funds available to prevent want and dependency.

The Social Security Administration believes, of course, that retirement systems for Federal employees should continue to be independent, that benefit rights acquired by employees under these systems should be preserved, and that their reserve funds should continue to be administered separately. Such systems could be revised, if desired, to take into account the benefits payable under old-age and survivors insurance. Revisions could and should be made in such a way that the total protection available under the two systems would be as great as or greater than the protection available under one alone.

The Advisory Council on Social Security recommended that old-age and survivors insurance coverage be extended immediately to Federal civilian employees not covered by the civil-service retirement system; that, as a temporary measure, the wage credits of those who leave Federal employment with less than 5 years' service be transferred to the old-age and survivors insurance program; and that a permanent plan be established "for extending old-age and survivors insurance to all Federal civilian employees, whereby the benefits and contributions of the Federal retirement systems would supplement the protection of old-age and survivors insurance and provide combined benefits at least equal to those now payable under special retirement systems." While the recommendations of the Council are essentially in harmony with those of the Social Security Administration, the Administration believes that there need be no long delay in extending coverage to all Federal civilian employees, and therefore that the temporary transfer of wage credits pending coverage extension, which would involve administrative difficulties, is unnecessary.

State and local government employment.—Proportionately more employees of State and local governments have protection under staff retirement programs than do employees in many other areas of non-covered employment. Because of this existing protection the following questions are sometimes asked by interested individuals or groups: Do the employees of State and local government units really need the protection provided under old-age and survivors insurance? Is there danger that coverage under old-age and survivors insurance would cause the weakening or abandonment of existing retirement systems for public employees, with consequent losses to the employees covered under the systems?

The Social Security Administration believes that the protection provided under old-age and survivors insurance would be very valuable to public employees. Approximately 4.8 million individuals had some employment for State and local government units in 1947. Almost half of these employees were not covered under any retirement system, though they have the same need for the protection of the Federal program as other workers. Moreover, even among those covered under a State or local retirement system, very few have adequate survivor protection; their protection would be made more nearly complete through old-age and survivors insurance coverage. In addition, such coverage of public employees would provide continuity of protection for workers who shift from one job to another in public employment or who shift from public to private employment. Those workers at present are not assured of protection under any benefit system, although they may have had some coverage under two or more systems.

As to the second question, the Social Security Administration is convinced that an extension of old-age and survivors insurance need not in any way weaken existing retirement systems or affect their independence. In employment areas already covered under the Federal program, the number of retirement systems has greatly increased in recent years, and many of those existing when the Federal program went into effect have since been improved and strengthened. The Administration believes that retirement systems for public employees perform a very valuable function and that their establishment and growth should be encouraged. If old-age and survivors insurance is extended to cover public employment, staff retirement systems for State and local government employees could be revised if desired to provide supplementary protection in such a way that the total protection furnished under the two systems would be greater than could be provided under either one alone. The retirement systems would of course remain completely independent of the Federal program in both operation and financing.

Among interested groups there is considerable sentiment in favor of extending old-age and survivors insurance to State and local government employees. Some professional groups of public employees have indicated that they believe government units wishing coverage under the Federal system for their employees should have the privilege of electing such coverage. Legislative bodies of at least seven States and the Territories of Alaska and Hawaii have sent resolutions or memorials to Congress asking that coverage be extended to employees of State and local governments, and two other States have requested coverage extension to limited groups of such employees. North Dakota and Iowa have established programs for their employees closely modeled after the Federal old-age and survivors insurance program.

As indicated in the discussion of nonprofit employment, the Social Security Administration believes that the compulsory coverage of employment areas under old-age and survivors insurance is ordinarily much more desirable than the coverage of employee groups or of individual employees on a voluntary basis. Because it would probably be unconstitutional to levy the tax on States and local government units as employers under the program, however, the Social Security Administration recommends that coverage be extended to State and local employment on a voluntary basis, by means of agreements negotiated between the States and the Federal Security Administrator.

The Advisory Council on Social Security, in discussing the extension of coverage to State and local government employees, expressed the opinion that "Voluntary coverage of a limited group under an otherwise compulsory social insurance system is ordinarily undesirable and unwise." The Council's recommendation was that coverage be extended on a compulsory basis to employees engaged in nongovernmental activities, and, because of constitutional difficulties, on a voluntary basis to all other State and local government employees.

Military service.—The new Selective Service legislation enacted by the Eightieth Congress will result in an increase in the number of people who spend a portion of their lives in peacetime military service. This development gives added importance to the issue of extending old-age and survivors insurance to such service. In December 1947 there were 1,280,000 persons serving in the armed forces.

Although, under the retirement systems of the various armed services, a career serviceman becomes eligible for a pension after 20 years of service, an individual who serves a shorter period is not able to qualify for similar benefits. Moreover, the survivor protection for the families of servicemen provided under veterans' programs ceases immediately upon the serviceman's discharge from military or naval

service, unless he has incurred a service-connected disability. Thus, existing service retirement systems and veterans' programs are not designed to meet the needs of individuals who enter the armed forces for relatively short periods.

Not only do short-term servicemen fail to achieve or to retain protection under existing military and veterans' programs, but they also may find themselves without protection under old-age and survivors insurance. Protection previously acquired under that program will be lost in many cases, and in other cases military service will prevent or postpone the acquiring of any insured status. In practically all instances in which insured status does exist, benefit amounts will be reduced by the period of military service. As the report of the Advisory Council to the Senate Committee on Finance pointed out, extension of old-age and survivors insurance coverage to the armed forces will give continuous basic protection both to the career serviceman and to those with shorter periods of military or naval service.

If coverage is extended to military service, benefits payable under existing service retirement systems and veterans' programs could be adjusted to supplement the basic protection afforded under old-age and survivors insurance. Nothing should be done thereby to weaken the military staff retirement systems or to reduce the total protection afforded servicemen and their families.

To ensure that the benefits which will ultimately be payable to servicemen and their families will have an appropriate relationship to their actual income level, wage credits and contributions should be related to the amount of remuneration received by the serviceman, including the cash value of perquisites and allowances that represent remuneration for services rendered.

Railroad employment.—Nearly 2.4 million persons were engaged in railroad employment during 1947. During 1937-46 about 4 million persons had wage credits under both the railroad retirement and old-age and survivors insurance systems. They represent more than half the workers (approximately 7 million) with wage credits under the Railroad Retirement Act during the 10-year period.

The protection afforded railroad workers against wage loss from old age and premature death is generally superior to that provided under old-age and survivors insurance. In addition, railroad employees meeting certain service requirements are protected against the risk of permanent and total disability. The Railroad Retirement Act provides a system of survivor benefits patterned after and coordinated with the survivor benefit provisions of the old-age and survivors insurance program. No coordination has been established for retire-

ment benefits, however, and therefore the protection of workers who move between railroad employment and employment covered by old-age and survivors insurance may be inadequate in many instances.

As a result of shifts between the two areas of employment, workers may lose all retirement protection under old-age and survivors insurance, and the time spent in employments covered under that program may also reduce the amount of their retirement benefits under the railroad program. Furthermore, during the early years of the old-age and survivors insurance program, some persons who work for only a few years in railroad employment will have less in combined protection than they would if they had been covered continuously by old-age and survivors insurance.

The Social Security Administration therefore recommends the extension of old-age and survivors insurance coverage to railroad employees. If coverage were so extended, the railroad system should be revised to provide supplementary benefits, as was done successfully with private pension plans after the Social Security Act was passed. The combined protection afforded under the two programs should be as great as, or greater than, that now provided under the Railroad Retirement Act.

The Advisory Council on Social Security, recognizing that "basic differences between the structures [of the two systems] preclude any coordination short of extending old-age and survivors insurance coverage to railroad workers and making the Railroad Retirement Act a supplementary program," recommended to the Senate Committee on Finance that Congress direct the Social Security Administration and the Railroad Retirement Board to undertake a study to determine the most practical and equitable method of accomplishing this purpose.

Strengthening the Benefit Structure and Other Changes

The Social Security Administration has repeatedly recommended that the insurance benefit amounts should be raised to more nearly adequate levels in terms of both the proportion of former wage they replace and the level of living they provide. The Administration has also urged legislative correction of inequitable or anomalous situations that have come to light in administration of the program. The Advisory Council on Social Security, in its independent study of old-age and survivors insurance, called the attention of the Senate Finance Committee to many of these defects and recommended corrective action similar in most respects to that we propose.

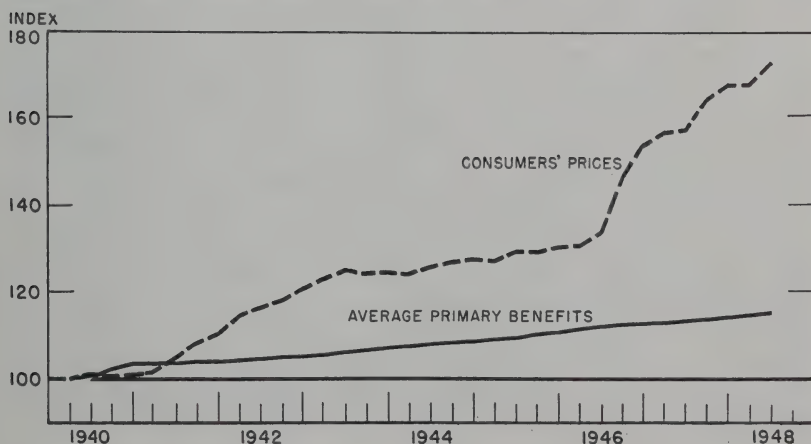
Benefit amount.—Social insurance benefits were designed to provide basic security by permitting employed workers to build up rights to

benefits sufficient to care for their basic needs in their old age. Obviously, when not all occupations are covered, some persons will work in covered occupations too briefly to receive adequate benefits from this insurance program, but for those who customarily are covered by it, the term "security" should have real meaning. The present benefit level is wholly inadequate for that purpose.

The basic formula for computing the primary insurance benefit, on which all supplementary and survivor insurance benefits are based, is 40 percent of the first \$50 of the average monthly wage plus 10 percent of the next \$200. The amount thus obtained is increased by 1 percent for each year in which the individual was paid wages of \$200 or more in covered employment. The average primary insurance benefit paid in June 1948 was \$25.13.

This amount would scarcely have represented basic security for the average worker in 1939, the year the present benefit formula was adopted, even when allowance is made for the average amount of savings in one form or another that he might be expected to have had. Data in support of this statement have become available since 1939. With the present cost of living some 70 to 75 percent above that of 1939, the insurance benefits cannot prevent dependency even to the extent originally intended or expected. The Social Security Administration recommends an immediate increase in the average level of benefits, with substantial increases in both maximum and minimum benefit provisions and a revision of the benefit formula to take account of increased wage levels. Such increases in benefits are necessary both because a permanent level of wages and prices higher than that prevailing before the war is generally anticipated, and because the

Chart 9.—Index of average monthly primary benefits in current-payment status under old-age and survivors insurance and consumers' price index, last month of quarter, March 1940–June 1948



benefit level was inadequate for basic security even when the 1939 amendments were enacted.

Some of the factors that would help increase benefits when all the proposed amendments to the act are in force would not apply with full effect immediately. The Advisory Council on Social Security said that enactment of its recommendations would, after a short period, increase the average monthly retirement insurance benefit from about \$25 to about \$55. This projected increase was based not only on a change in the benefit formula, affecting present as well as future beneficiaries, but also on full extension of coverage and, for those still employed, on computation of the average monthly wage (to which the benefit formula is applied) solely on the basis of wages earned after 1948, if such computation results in higher benefits. The benefit formula proposed by the Advisory Council, taken alone, would in the short run increase the average retirement insurance benefit in force by about 50 percent.

The level of benefits might be raised to varying degrees, both immediately and over the course of time, by changes in any of the several factors that make up the benefit formula. For persons who have not worked regularly in covered employment after 1936 (or age 21), benefits could be greatly increased if the method of computing the average monthly wage were changed to disregard periods during which individuals had inconsequential or no wages, or were based on a limited period of full-time earnings, such as those in the workers' best 5 consecutive years. Some such provision would be especially important in the future for persons in occupations not covered in the initial years of the program.

The percentage which benefits are of the total average monthly wage could be increased by raising the percentage in either or both steps of the formula (now 40 percent of the first \$50 and 10 percent of amounts in excess of \$50); by increasing above \$50 the amount of average monthly wage to which the first step applies; or by a combination of these methods. Such changes, if made applicable to benefits already in force, would have the most immediate effect on the level of benefits. Over a period of time, many workers would gain if the maximum average monthly wage on which benefits may be based were increased above the present \$250. All these methods have merit, but no one alone would accomplish as much as needs to be done in improving benefits. It is particularly urgent that changes be made in the first step of the benefit formula. Such changes would especially help those in the lower wage brackets, whose benefits are most inadequate, but would also add a specified amount to the benefits of all persons whose average monthly wage exceeds the amount in the first step.

A number of benefit formulas could be devised that would raise average benefits to a level of minimum adequacy, consistent with the purpose of the act, without unduly raising the cost of the program. One such benefit formula, for example, is 40 percent of the first \$100 of the average monthly wage and 10 percent of the remainder, up to a total of \$400. Another, somewhat more liberal, is 50 percent of the first \$75 of the average monthly wage and 15 percent of the remainder, up to a total of \$400.

The Administration favors the levy of taxes under the Federal Insurance Contributions Act on the first \$4,800 of annual wages rather than on the first \$3,000 as at present, and an increase to \$400 in the maximum average monthly wage on which benefits are computed. If the benefits are to provide a reasonable and realistic replacement of the wages lost by death or retirement, they should be based, to the greatest extent possible, on the total earnings of covered workers. The \$3,000 limitation set up in 1939 fulfilled this requirement reasonably well, since at that time nearly 97 percent of all workers in covered employment had wages of less than \$3,000 a year and all their wages could thus be used in the benefit computation. Even among workers who were steadily employed throughout 1939, fewer than 5 percent had wages of more than \$3,000. With the general rise in wage levels since 1939, the \$3,000 limitation has tended to exclude from the benefit computation part of the wages of a substantial number of workers. In 1946, about 13 percent of all workers in covered employment had wages exceeding \$3,000. Of the workers who were steadily employed throughout that year, 23 percent had wages of more than \$3,000. To restore the relationships which existed in 1939, the maximum wage for tax and benefit purposes would have to be raised to \$4,800. At that figure and at 1946 wage levels, benefits would be based on the total wages of about 97 percent of all covered workers and 95 percent of steadily employed workers.

Whatever benefit formula is used to compute the primary insurance benefit, the Administration recommends that provision similar to that in the present law be made for an increase in the basic benefit amount for each year in which the worker's covered wages exceed \$200. While social considerations are predominant in our social insurance program, the fact that taxes are based on wages demands equitable treatment for all insured persons. Workers expect additional contributions to buy additional benefits, and they want to see the amount of their benefits rise with their continued contributions.

Maximum family benefits.—The maximum amount of monthly benefits payable to a family on the basis of one wage record is now limited to the least of three amounts: \$85, twice the primary bene-

fits, or 80 percent of the average monthly wage. The first two restrictions tend to limit unduly the benefits payable when a deceased wage earner leaves a widow and several children. The suggested liberalization in the benefit formula and increase in the taxable wage base would make it especially important to increase the maximum amount payable to beneficiary families. The Social Security Administration recommends that the limitation of twice the primary insurance benefit be removed and that the dollar maximum on a family's monthly benefits be raised substantially, to at least \$150. Benefits should continue to be limited by 80 percent of the wage earner's average monthly wages, since the insurance program should not be designed to increase the family's income, but rather to replace part of the wage loss. The present method of calculating the average wage of an individual, however, is often unrealistic in terms of the wage loss at death or retirement. If the average monthly wage were derived from a period when the individual was regularly employed, as would probably be the case if the wages in his best 5 consecutive years of coverage were averaged, benefits based on it would be related to loss of covered wages, and the maximum of 80 percent of the average monthly wage would be a realistic limit, never unduly restrictive.

Retirement test.—Under the present provisions of the law, benefits are withheld for any month in which a beneficiary earns \$15 or more in covered employment. If the individual earning such wages is a primary beneficiary, any wife's or child's benefits payable on his wage record are also suspended. This provision, at prevailing wage rates, means that relatively few beneficiaries can work even part time without loss of benefits. The beneficiary, therefore, must usually choose between insurance benefits at their inadequate levels or wage income alone, even though it also may be inadequate.

The primary purpose of the work provision is to provide a measurement of the beneficiary's substantial retirement from the covered labor force. If such a provision is to have meaning, changes in the amount of earnings permitted without loss of benefits become necessary as employment conditions and wage rates vary. Any exempt amount of wages should be periodically studied and changed as conditions warrant.

The Social Security Administration recommends that the retirement test in the present law be increased to \$50 so that beneficiaries would be permitted to earn a reasonable amount without loss of their benefits. Under such a provision, beneficiaries who are able and choose to do some work not only will increase their income, in most cases, but also will have the psychological satisfaction of continuing in productive enterprise.

Consideration should be given to the proposal that beneficiaries

aged 70 and over should receive their benefits regardless of the amount of their earnings. Elimination of the work clause for such persons would be especially desirable if coverage of the act is extended to self-employed persons. For them, even more than for wage workers, retirement is likely to take the form of diminishing the amount of time spent at work, rather than abrupt cessation of gainful work. Since relatively fewer persons continue regular work after age 70, it would cost much less to end the work restriction at that age than to eliminate it completely.

The Social Security Administration does not favor the plan recommended by the Advisory Council on Social Security for reducing benefits by the amount that earnings exceed the exempt amount. We recognize the merits of a plan that would prevent any reduction in income on account of employment when a beneficiary's wages only slightly exceed the amount permitted without suspension of benefits. However, the administrative costs of such a plan would probably be disproportionate to the advantages gained.

Age of eligibility for women.—The Social Security Administration recommends that the age at which women may qualify for benefits be reduced from 65 to 60. A primary consideration prompting this recommendation is that wives are customarily a few years younger than their husbands. Only about one-fifth of the wives of married primary beneficiaries are eligible for wife's benefits at the time their husbands attain age 65. Because the primary benefit alone is not geared to meet the needs of a couple, many men have found it necessary to defer retirement until their wives become eligible for benefits. If wife's benefits were payable at age 60, approximately three-fifths of the wives of insured men would be immediately eligible for wife's benefits when their husbands retire at age 65. Since some men voluntarily delay retirement, regardless of their financial ability to retire, an even larger proportion of wives would receive benefits as soon as the husband did retire.

A second reason for the recommendation is that women who are widowed at or about age 60 and who have not held a paid job in the immediately preceding years are severely handicapped in finding employment. In survivor awards of 1947, only about one widow in four of those without minor children was aged 65 or over at the death of her husband and qualified for benefits immediately. If the age requirement were lowered to 60, about 40 percent of the widows without minor children in their care would have been eligible immediately. Moreover, even women who have been recently in the labor force find difficulty in obtaining jobs if they have been retired or dismissed at or after age 60. Lowering the eligibility age to 60 for

women will provide protection in an area in which it is urgently needed.

Legal status of wife and widow.—Many couples have gone through a marriage ceremony and lived together as husband and wife for many years, only to discover, at the time they file claims for old-age and survivors insurance benefits, that their marriage was invalid because of some legal impediment to the marriage at the time it occurred. In some States, a valid marriage comes into being if a couple continues to live together as husband and wife after the removal of the impediment. In others, only a new ceremony after the impediment is removed will validate the marriage. In such instances, the couple suffers not only the loss of a wife's benefit but also the humiliating experience of having the benefit denied because no marriage exists. The Social Security Administration recommends that wife's or widow's benefits be payable to the "wife" if, at the time she claims her wife's benefit or at the time her "husband" dies, there is no impediment to legal marriage. This recommendation would apply only to hardship cases in which the couple would have been legally married except for the technicality. It does not apply to couples who had not intended to marry or who are legally barred from marrying.

Child's insurance benefits.—Under the present provisions, no monthly benefits can be paid to a child on the death of an insured mother or stepparent if the child's father is either living in the same household with the child or contributing to his support. Moreover, no benefits are payable to a child on the death of an insured adult who stood in loco parentis to the child but who had never adopted him. Even in cases when a child has been adopted, no benefits may be paid him on the adopting parent's record unless the adoption occurred more than 12 months before the death of the adopting parent or, in case of that parent's retirement, 36 months before the child's benefits are claimed.

These provisions leave many situations in which children are without insurance protection on the wage record of the person who actually supports them. The Social Security Administration recommends that:

(a) A child shall be eligible for child's benefits on his father's or adopting father's wage record if they were living together, or if the father or adopting father was contributing to the child's support. No time limit on the adoption relationship need be required, since State adoption agencies and courts commonly require a waiting period of 6 months to a year after the adults take a child before adoption is permitted. This precaution, aimed at protecting the child, will at the same time prevent payment of social security benefits until actual dependency on the adopting parent has been established.

(b) If the child's father or adopting father is dead, a child shall be eligible for benefits on his mother's or adopting mother's wage record, as is the case at present.

(c) If the child's father or adopting father is living, a child shall be eligible for benefits on his mother's or adopting mother's wage record in cases in which she was contributing at least half of the child's support, or if her employment was both substantial and recent, in which case it may reasonably be presumed that she was furnishing a large part of the child's support. This provision recognizes the importance of the working mother's wages to the welfare of her children.

(d) A child shall be eligible for benefits on the wage record of a stepparent if the child was living with or receiving at least half his support from him, and a child living with and receiving at least half of his support from a person standing in loco parentis should be eligible for benefits on the wage record of such person. The parent-child relationship should have existed for a year before the death of the parent, or for 3 years before the child's benefits on the record of a primary beneficiary are claimed.

Mother's insurance benefits.—Benefits are now provided for a widow under age 65 if she has in her care an entitled child of her deceased husband. These benefits are intended to enable the woman to remain at home to care for the children. No benefits are payable, however, to a young mother if she and the wage earner were divorced before his death, even though she had been receiving her chief support from him and though child's benefits on his record may be paid to their children. The Social Security Administration believes that full protection is not offered to orphaned children if benefits are denied their mother solely because she was divorced from the deceased worker. Benefits equivalent to the "widow's current insurance benefits" ("mother's insurance benefits" would be a better term) should be payable to a divorced and not remarried wife of a deceased worker if she had been chiefly supported by her former husband since the divorce and if she has one or more of their children in her care.

As in the case of wife's and widow's benefits, mother's insurance benefits should be paid even though the marriage was defective because an impediment existed at the time the ceremony was performed. Because such benefits are paid for the welfare of the child, mother's insurance benefits should be paid even when the impediment had not been removed at the time of the worker's death. The Social Security Administration would not, however, recommend payment of aged widow's benefits in such cases.

Lump-sum payments.—At present, a lump sum equal to six times the

amount of the worker's primary insurance benefit is paid upon the death of an insured worker, if he is not survived by anyone eligible in the month in which he died for monthly benefits on his wage record. This provision means that a payment intended to help survivors meet the unusual expenses arising from the worker's last illness and death is not available to families that receive monthly benefits, though their need for an extra amount to meet such expenses is as great as that of other families. Moreover, in some cases the total amount of monthly benefits payable to the family is less than the lump-sum payment would have been. Such is the case, for example, when the youngest surviving child reaches age 18 in the month following that in which his father died or when the child and mother are regularly employed in a covered job. To avoid these situations, the Social Security Administration recommends that the lump sum be paid upon the death of a fully or currently insured worker, whether or not monthly benefits could be payable for the month of death.

If a benefit formula such as that suggested by the Social Security Administration is adopted, lump sums that are six times the primary benefit would be unnecessarily large for modest burial costs. The Social Security Administration believes that reduction to three times the primary benefit would be advisable if the benefit formula is revised to produce the proposed level of monthly benefits.

Definition of wages.—The definition of "wages" deserves reconsideration in a number of particulars. Failure to include all tips and gratuities in "wages" has the effect of substantially reducing the size of benefits for many covered workers. The exclusion of dismissal payments that an employer is not legally required to pay has resulted in a loss of wage credits toward benefits without any offsetting advantage in promoting the practice of making such payments. Other ways in which the law could be clarified and improved have to do with retirement pensions that are not paid under a plan or system, and sickness, accident, medical, and hospitalization benefits paid directly by an employer, whether or not pursuant to a plan or system.

Employer-Employee Relationship

When, in June 1947, the Supreme Court handed down its opinion in the *Silk* case, it was believed both by the Treasury Department and the Federal Security Agency that a sound and practicable test of what constitutes employment under the Social Security Act had been obtained. It was thought that, under this test, many uncertainties formerly encountered in determining relationships in borderline cases would be resolved. According to the Court, the test to be applied is one of "economic reality" based upon the purposes of

the social security program and the conditions it was intended to remedy. The Court listed a number of factors to be weighed, such as degrees of control, opportunities for profit or loss, investment in facilities, permanency of the relation and skill of the individual, and pointed out that no single factor is controlling but that the total situation surrounding the relationship should be considered.

As a result of the Supreme Court's opinion, the Treasury Department and the Federal Security Agency collaborated on a revision of the regulations to reflect the principles of the economic reality test. Before the revised regulations could be made effective, however, Congress passed Public Law 642 establishing the common-law control test as the sole criterion for determinations of employment.

In the short period since the law was passed, it has become apparent that its effect is a restriction of coverage as compared with the results which would have existed under the test laid down by the Supreme Court. The present difficulty is that, in most borderline situations, there may not appear to be sufficient specific indication by the employer of the manner of performing the details of service to support a finding of control and therefore a finding of employment. In many of these cases, however, it is clear that with respect to the most significant consideration from the viewpoint of social insurance, that of job tenure, the individual is much more like an employee than like an independent businessman.

The Social Security Administration urges a test under which all individuals who as a matter of economic reality are dependent for their livelihood upon the services they perform in the commercial and industrial enterprises of others, would be covered by the program as employees. Such a test would be realistic, and recent experiences indicate that it could be uniformly applied. During the short period between the Supreme Court decisions and the passage of Public Law 642, there was a uniform application of the criteria by the lower courts and a uniform understanding by the Treasury Department and the Federal Security Agency in the administrative results of the test. We therefore recommend the repeal of sections 1 and 2 of Public Law 642.

To ensure uniformity of operation under the Federal Insurance Contributions Act and under title II of the Social Security Act, both agencies are taking steps to establish a coordination committee composed of the Attorney General, the Secretary of the Treasury, and the Federal Security Administrator to consider differences among the administrative agencies with respect to the provisions common to the tax and benefit laws. The existence of such a committee is expected to be advantageous under any definition of "employee" and under an expanded program as well as under one with limited coverage.

Modifications for Extended Coverage

The old-age and survivors insurance program has now been in operation for about 12 years. If, after such a lapse of time, additional occupational groups are brought under coverage, adjustments must be made in the eligibility requirements for receipt of benefits and in the method of computing the average monthly wage. Without such adjustments, extension of coverage will not provide for the workers affected as much security as the program should offer or as much as it does offer for those initially covered. Without such adjustments, a larger proportion of the older workers in the newly covered occupations would have only limited opportunities to become insured, and those who did manage to qualify would receive very low benefits, as would also the survivors of newly covered workers.

Eligibility.—Under the present act a worker is eligible for retirement benefits at or after age 65 if he has half as many quarters of coverage as the number of calendar quarters which have elapsed since 1936 (or after the quarter in which he attained age 21 if that is later) and up to the quarter in which he attained age 65, or if he has 40 quarters of coverage. A quarter of coverage is a calendar quarter in which the worker was paid wages of at least \$50 in employment covered by the act. No worker may be eligible for benefits with less than 6 quarters of coverage.

When the program is extended to cover additional occupations, the eligibility requirements should be changed in order that newly covered workers who are nearing retirement age may have a reasonable opportunity to qualify for benefits. The problem is essentially that which confronted the legislators in amending the act in 1939, namely, how to make it possible for older workers to qualify quickly without establishing so liberal a requirement that, in the long run, persons only casually in the labor force could become insured. If coverage is not made universal at one time, this problem will arise at each new extension of coverage.

Several proposals for modifying the eligibility requirements have been made. None would have any material effect on eligibility in the long run because persons who begin their work lives in covered employment will normally have 40 quarters of coverage long before they reach age 65. The Advisory Council on Social Security has recommended that, when coverage is extended, a person be fully insured if he has 1 quarter of coverage for each 2 elapsing after the date of extension of coverage, rather than after 1936, and before he attains age 65. The minimum of 6 and the maximum of 40 quarters of coverage would be retained. This new start would, temporarily, greatly liberalize eligibility provisions for persons who have never been in the

newly covered occupations as well as for older workers in such occupations.

This temporary liberalization for persons for whom it is not primarily intended is a lesser defect than failure to liberalize eligibility requirements for older workers newly covered under the program. However, it does place at a relative financial disadvantage those persons who have contributed since the beginning of the program. This discrimination against them would be aggravated if coverage were extended to different occupations at different times and if such liberalization were repeated on each such occasion.

Unless essentially complete coverage is enacted at one time, a better method of modifying the eligibility requirements for the older workers would be to permit any worker (or his survivors) to qualify for benefits if the worker had 1 quarter of coverage for each 4 quarters elapsing after 1936 (or age 21 if later) in place of the present ratio of 1 out of 2. If coverage is not too long delayed, this method would not be too severe a requirement even for workers nearing retirement age. As of January 1, 1949, a worker would need only 12 quarters of coverage instead of the 24 quarters that he would need under the present provisions to be fully insured (for persons reaching age 65 on that date). It is more than was required of persons aged 65 or over in 1940, but that disadvantage is offset by the fact that many persons normally in non-covered employment have some quarters of coverage. Still another possibility would be to introduce, as an alternate to the present provision, a requirement of 20 quarters of coverage within the 40 quarters immediately preceding death or retirement.

Average monthly wage.—Unless extension of coverage is accompanied by some modification in the method of computing the average monthly wage, on which benefit amounts are based, the benefits payable to individuals in the newly covered groups will be extremely low for some time to come. At present, the average monthly wage is computed as total covered wages divided by the number of months elapsing between 1936 and the calendar quarter in which death or entitlement to benefits occurred (excluding quarters before age 22 in which wages were less than \$50). Lack of wages from covered employment in any part of this elapsed period reduces the average monthly wage. The reduction would be very severe for individuals who are brought into coverage after the program has been in operation for 12 years or more, and benefits for the older members of these newly covered groups would be at or near the minimum. The proposal to modify eligibility provisions for these groups would mean much less, in terms of their protection, if there were no corresponding change in the method of calculating the average monthly wage.

There are several ways in which computation of the average monthly wage might be modified to ease or remove the handicaps of late entrance into the insurance system. One method, suggested by the Advisory Council as an alternative to the present provision, would be to compute each individual's average wage over a period beginning with the date of coverage extension, if this procedure would be more favorable in his case. However, this method does not remedy the inherent difficulties of an average monthly wage based on a lifetime's earnings. A more satisfactory method would be to base the average monthly wage on the wages in an individual's 5 consecutive years of highest earnings. In the usual case, this would mean years not long before his death or retirement, since the trend of wages is generally upward over a period of years. It would help keep benefits reasonably related to wage loss and would provide a realistic indication of an individual's full-time wages. The desirable differentiation between the benefit amounts of workers who are regularly in covered employment and those who have the same average over the 5 high years but who are out of covered employment for some part of their working lives should be made by a method which does not distort the concept of the average monthly wage. For example, a worker who spends only half the available years in covered employment should receive only half as large a benefit as one who had the same average monthly wage in his high 5 years and worked the full time under the system.

Minimum benefits.—Under the present law, the minimum amount of monthly benefits payable with respect to an individual's wages is \$10. With the increased cost of living, \$10 represents much less in purchasing power than it did in 1939 when this minimum benefit was established. If the program is extended to cover nearly all gainful work, and particularly if the benefit formula is liberalized, very few individuals who depended on gainful work for a livelihood would qualify for benefits of less than \$25 a month. For the relatively few individuals whose earnings were so low as to qualify them for no more than minimum benefits, a higher amount is needed for basic security. If coverage were widely extended, the Social Security Administration recommends that the minimum primary benefit be made \$25. This would assure a man and his eligible wife a minimum combined benefit of \$37.50. The cost of such an increase under nearly universal coverage would be relatively slight.

Extension of veterans' protection.—Section 210 of the Social Security Act, added in 1946, was designed to bridge the gap in the provisions for survivors of World War II veterans caused by their service in the armed forces during the war. Briefly, it guarantees protection to the survivors of veterans who die within 3 years of their discharge from

World War II service. Three years was considered sufficient to allow the veteran to gain or regain insurance protection on the basis of his earnings in civilian employment.

Notwithstanding this special protection for survivors, veterans remain at some disadvantage under the program because of their military service. The recommendations of the Social Security Administration for extension of coverage and for corollary modifications in the provisions relating to insured status and average monthly wage would, in the long run, practically eliminate this disadvantage. In the period immediately following the coverage extension, however, many veterans working in newly covered jobs would remain uninsured for a time. It might be desirable, therefore, in connection with a broad extension of coverage, to extend section 210 so as to assure survivor protection under the program until the veteran has had a reasonable opportunity to reacquire insured status. The period of guaranteed protection might be extended to apply without a break from the date of the serviceman's discharge from military service until, say, 3 years after the coverage extension is effective. Extension of section 210 on a temporary basis would be desirable only if simultaneously there were a general extension of coverage.

Cash Benefits for Disability

The extent of present protection afforded under public programs against the hazard of income loss due to disability has already been discussed in an earlier part of this report, which pointed out that, except for certain governmental employees, railroad workers, and the wage earners in three States who are covered by cash sickness benefit provisions linked with unemployment compensation, employed persons generally have no adequate protection against non-work-connected temporary disability. Similarly, except for veterans and for select groups of workers who have permanent total disability protection under special retirement systems, there is no protection generally available to the working population against long-term disabilities which are not work-connected. Private insurance to furnish substantial protection against income loss from illness or disability is beyond the means of most workers, and personal savings are seldom sufficient to tide a family over a long period of disability. Each day about 2 million persons recently in the labor force are kept from working by a disability which has lasted less than 6 months, and 2 million or more persons aged 14-64 who otherwise would be gainfully employed are afflicted with serious disabilities which have already continued for more than 6 months. In the opinion of the Social Security Administration, comprehensive protection against wage loss caused by dis-

ability can be made generally available only through a government approach.

The social costs which must inevitably result from further postponing the establishment of a general disability insurance program are clearly apparent. These costs are measured in terms of the destitution of many families, large public assistance expenditures, and, for a substantial number of workers with extended disabilities, a loss of the benefits of the social insurance system toward which they have contributed. From the statistics gathered by private and public welfare agencies, it is clear that the economic burden of disease and injury falls most heavily on those least able financially to bear it. Studies of the Social Security Administration show that disability is a very significant factor causing the continued expenditure of public and private funds for the relief of destitution.

Progress in public health and medical science over many decades has resulted in a marked decrease in some of the acute illnesses that were formerly leading causes of death. Today death occurs increasingly at older ages, frequently after an extended period of incapacitating illness. Moreover, while the presence of an ever-increasing proportion of older people in the population directs especial attention to permanent disability among middle-aged and older workers, the plight of younger disabled workers is of equally grave concern because of the larger number of family members, especially young children, dependent on them for support.

It is inconsistent to protect a worker against wage loss due to lack of work or old age and to leave him unprotected when he suffers a wage loss due to illness or extended disability. Disability is an even greater hazard to the worker and his family than unemployment, death, or forced retirement, because illness entails not only cessation of income but also medical expenses. Voluntary health and welfare plans are developing throughout the country as a result of the failure to provide comprehensive compulsory protection against wage loss due to illness and permanent disability. Experience has indicated that compulsory coverage will provide basic protection to a much broader group at less over-all cost than any voluntary efforts will ensure. It took 40 years for all States to enact workmen's compensation laws without encouragement by the Federal Government. If, within the foreseeable future, workers throughout the country are to obtain protection against wage loss due to disability, there is need for action by the Federal Government now.

The problems involved in providing against the risk of income loss due to disability are basically the same as those involved in the risks already covered by the Federal social insurance system. Disability, while unpredictable in any individual case, is predictable for a large

group. Insurance against loss of wages during periods of incapacity is a risk successfully covered by social insurance in many other countries. In the United States the various special public retirement systems, the programs for railroad workers, the veterans' program, workmen's compensation, the State cash sickness insurance programs, and commercial insurance have provided valuable experience in the administration of disability benefit programs. Moreover, a decade of experience with Federal old-age and survivors insurance has demonstrated that basic family protection for all workers through compulsory contributory social insurance is in harmony with the American way of life and that a firm and successful administrative foundation exists upon which to build the new benefit program.

Integration of disability insurance with old-age and survivors insurance.—Employees who are disabled for their regular employment for 7 consecutive days or longer by reason of illness or injury should receive weekly cash benefits to partially replace their loss of earnings. These benefits should be payable if the wage earner has earned substantial wages during a recent period. The benefit amount should be related to recent wages and should be increased if the worker has dependents. The payments should continue for a stated maximum period of time and, in any event, should terminate when the worker becomes eligible for monthly benefits for extended disability or recovers.

During any disability which lasts less than 6 months, a person should be considered disabled if he cannot engage in his usual work. For example, a watchmaker with a broken wrist would be considered disabled until he could resume his own job, even though he might be able to work as a messenger. Insured women should be entitled to benefits for a stated period before and after childbirth, without an explicit test of incapacity, if the mother stops working. The definition of disability should be broad enough to include periods of time when, on medical advice, an individual is not working, including periods of convalescence. Reasonable compensation for time lost because of treatment and cure will encourage the individual to seek medical care promptly; this prompt care will help to reduce the length and seriousness of major illnesses and, in the long run, increase the volume of man-hours of labor and productivity.

The weekly benefit amount for periods of disability lasting 6 months or less should be designed to tide the worker and his family over relatively brief periods of sickness and permit him to make the necessary adjustments in his financial and other living conditions if it appears that he will be disabled for a long stretch. During short illnesses, most regular living expenses cannot be deferred or substantially reduced, and benefits should be geared, therefore, to the individ-

ual's recent wages and the number of his dependents. For a single individual, weekly benefits should approximate 50 percent of recent full-time wages up to a maximum of about \$30 a week and, with additional allowances for dependents, the maximum for an individual with three or more dependents probably should not be lower than \$45.

Monthly cash benefits should be payable to insured workers afflicted with serious disablements, when loss of earning capacity is so great that the worker disabled for more than 6 months is no longer capable of any substantially gainful employment. To be insured for such long-term monthly benefits, a disabled worker should be required to have had both substantial earnings over a long period and fairly recent covered employment. This insurance protection should be available to workers who are dependent on wages or on income from self-employment.

Benefits should be based on the earnings record and benefit formula applicable to old-age and survivors insurance. In addition to the benefit paid a worker with an extended disability, dependents' benefits should be paid to his wife, if she has a young child in her care or has reached age 60, and to his dependent children. Dependents' benefits should be computed in the same way as those for dependents of retired workers. Very real hardships and serious program inadequacies would be created if disabled workers with one or more family dependents were required to live on the primary benefit alone. The benefit formula for primary beneficiaries has been established under the presumption that additional amounts for dependents will be provided. In view of the added medical expenses and other special costs arising from disablement, it would be unrealistic to expect that the families of disabled beneficiaries could make ends meet on primary benefits alone.

Rehabilitation provisions are essential to the efficient functioning of an extended disability benefit system. It should be a major aim of the program to facilitate the individual's return to productive work and to encourage him to use whatever earning ability he may have or can develop. Physical restoration and vocational rehabilitation may frequently lead to the development of new skills or discovery of new areas of gainful employment. A substantial reduction in the aggregate benefit costs of the program may be expected from such rehabilitation activities, and in a considerable number of cases the amount of benefits saved will far exceed the costs of rehabilitation. Therefore, expenditures from the trust fund should be authorized to furnish necessary services to beneficiaries who it appears may again be made self-supporting.

Disability benefits should, of course, be terminated if the beneficiary recovers or is rehabilitated. Periodic reexaminations should

also be required to assure that unreported instances of recovery are promptly discovered.

Facilities of the Bureau of Old-Age and Survivors Insurance, including its wage records system and the field and area offices where retirement and death claims are processed, could be readily adapted to the function of administering disability insurance. Decided operating advantages would arise from this integration.

First of all, coverage of employees could be made identical for old-age and survivors insurance and disability insurance. If this were done, employers would keep one set of records; they would obtain a single ruling on questions of employment relationship; and they would prepare a single wage report covering old-age, survivor, and disability insurance. One wage record system and one administrative and field organization would service all these programs. Contributions would go into a single trust fund, thus providing greater flexibility in financing costs.

If old-age and survivors insurance and disability insurance were combined, the public also would be benefited in having one field office to go to for filing claims and for general information.

Program, as well as administrative, integration could be achieved by expanding the old-age and survivors insurance system to include disability protection. Changes could be made in the present law to "freeze" the insured status of a worker at the time he becomes entitled to extended disability benefits so that he will remain insured for other benefits, such as retirement or death benefits, which may be payable on his earnings record. Furthermore, provision could be made to eliminate gaps between temporary and extended disability benefits so that there could be continuous protection throughout the course of a long or permanent disablement.

Report of Advisory Council on Social Security.—On May 8, 1948, the Advisory Council on Social Security presented to the Senate Committee on Finance a report recommending the adoption of insurance against permanent total disability. The Advisory Council recommended that the proposed disability insurance program be similar to, and closely integrated with, the present old-age and survivors insurance program, with the two programs administered as a single system but with very strict eligibility and limited benefit provisions for disability insurance. Both the seriousness of the problem of long-term disability and the social disadvantages of compelling the disabled to depend upon public assistance led the Council to conclude that the method of contributory social insurance, with benefits related to prior earnings and awarded without a needs test, was the most desirable approach to the problem of providing against earnings losses arising from permanent total disability.

The program recommended by the Advisory Council, although exceedingly strict in its eligibility requirements, constitutes a basis on which to proceed with consideration of legislation. Failure to provide for dependents' benefits upon the introduction of the new total disability program, however, would create serious benefit inadequacies. In this respect as well as in some other details, such as the eligibility requirements, the Social Security Administration believes that certain proposals of the Council should be modified. These changes could be made without foregoing any necessary safeguards, while at the same time assuring that the proposed program will not be so severely restricted in its scope as to protect only a very limited proportion of the workers who need this insurance.

The report of the Advisory Council was the latest in a long series of studies pointing to the need for extended disability insurance. A decade before, an earlier Advisory Council to the Senate Finance Committee had reported on the social desirability of permanent total disability insurance benefits, leaving open, however, the question of timing the introduction of such benefits. Since 1940 the Social Security Administration has repeatedly called attention to the serious consequences arising from the lack of such insurance and has recommended measures to correct this grave weakness in the Federal social insurance program. Over the years, many organizations have endorsed a Federal program of disability insurance. These include the National Planning Association, which represents agriculture, business, and labor; major labor groups, particularly the American Federation of Labor and the Congress of Industrial Organizations; the National Farm Labor Union; the National Farmers Union; the Ohio State Grange; the American Public Welfare Association; the Fraternal Order of Eagles; the Council for Social Action of the Congregational Christian Churches; the National Conference of Catholic Charities; the National Council of Jewish Women; and the American Foundation for the Blind. The American Medical Association has also endorsed the principle of insurance against loss of wages due to disability.

Assistance as an alternative to disability insurance.—The suggestion has been made on occasion that insecurity caused by extended disability can best be met through public assistance financed with the aid of Federal grants. Such a plan would provide for special assistance payments to needy disabled persons and their families when failure of income and exhaustion of other resources have reduced them to a condition of need. The Social Security Administration does not believe that this is the most satisfactory approach. Fundamentally, social insurance supports and stimulates the incentive of the individual to build up private savings in addition to the security he has under the insurance system. Through the contributory insur-

ance method, recognition is given to wage differentials, to different degrees of productive effort, and to the democratic values of dignity and self-respect that come to beneficiaries from the knowledge that social insurance benefits are an earned right. Even more, the contributory aspect gives stability and financial strength to the system. In contrast to these advantages inherent in contributory social insurance, public assistance is subject to distinct limitations. Financed through general taxation, public assistance payments are made only to needy people, and any income or resources of these people have to be taken into account in determining the amount of the payment. While public assistance has an essential and complementing role to fill in the social security program, it is not a substitute for the insurance method; it should be confined to areas in which that method is inadequate to meet residual needs.

Financing an Expanded Program

To assure funds ample to finance benefit payments not only in the years immediately ahead but also in the more distant future, a long-range plan of financing should be developed. When practically the entire gainfully employed population and their dependents are covered, provision for a Government contribution, as well as contributions of employers and employees, becomes equitable and appropriate. The Government contribution would be partly offset by the reduction in costs of public aid, particularly because of the inclusion of permanent disability benefits. How the ultimate cost of benefits under an expanded system of old-age, survivors, and disability insurance is distributed among employers, employees, and the Government should be determined by the degree to which coverage is extended and by the methods used in financing other types of social insurance benefits.

Unemployment Insurance

Economic activity continued on a high level during the fiscal year 1948, and production continued to increase. The national income totaled \$212 billion, as compared with \$193 billion in the preceding 12 months. The monthly index of industrial production averaged about five points higher than in the preceding year. The demand for steel, automobiles, and building construction provided the main stimulus to economic activity. Expenditures for new plant and equipment maintained a record level.

The postwar boom had seemingly reached its peak by the spring of 1947, when the demand for textile, rubber, and leather goods fell off.

By midsummer, however, new demand factors appeared; faltering industries rallied, construction gained momentum, and automobile and steel production continued at peak capacity. The uncertainty about future economic developments created by the break in price of commodity futures during February 1948 was rapidly dispelled by continuing high consumer demand. Employment maintained record levels throughout the fiscal year, reaching an all-time peak of 61.3 million in June 1948.

The high demand for goods and services was reflected in a steady advance in prices. Even when the price of commodity futures broke and agricultural prices declined, the prices of other products, such as worsted fabrics and semifinished steel, continued to rise. The wholesale price index at the end of June was approximately 12 percent higher in 1948 than in 1947.

The total labor force including the armed forces continued to expand and averaged about 62.0 million, nearly 1 million more than during the preceding fiscal year. Approximately two-thirds of this increase was due to natural growth, while the remaining 300,000 represented a reabsorption into the labor force of veterans and the return of some individuals who had withdrawn from the labor force after the end of the war. Civilian employment was, on the average, about 1.5 million higher than during the preceding 12 months.

Unemployment averaged about 2.1 million, or 150,000 below the preceding year's average, and what unemployment occurred was due primarily to the normal frictional factors in the economy. The displacement of war workers by others with higher skills and by veterans, a situation that was prevalent during the reconversion period, had come to an end, and by the fiscal year 1948 the labor force had recovered considerable stability. The seasonal pattern of unemployment, characteristic of a high-level peacetime economy, began to assert itself. Unemployment reached 2.6 million during the summer of 1947, principally because students became available for work during the vacation period, but declined to a low of 1.6 million by November. At the end of December the effects of the seasonal decline in trade, construction, lumber, and other such industries were becoming evident, and extremely severe weather conditions and fuel shortages during February and March added to the disruption of production. Unemployment rose to 2.6 million in February but by May had declined to 1.8 million or 200,000 less than in the preceding May. In June the influx of students into the labor market caused unemployment to rise by almost half a million, but the number of unemployed persons was 371,000 below the figure for June 1947.

Various Congressional measures enacted during the year affected the unemployment insurance program significantly. The only ac-

tions affecting coverage were designed to limit it. Congress enacted Public Law 492 excluding from both the Federal Unemployment Tax Act and the Federal Insurance Contributions Act all newspaper and magazine vendors whose compensation is based, wholly or partly, on the difference between the purchase and the sale price of their stock. Previously, such employees had been excluded only when they were under 18 years of age. Congress also passed Public Law 642, the declared purpose of which was "to maintain the status quo in respect of certain employment taxes . . ." This act excludes from the Federal Insurance Contributions and Federal Unemployment Tax Acts all individuals who, under the usual common-law rules, have the status of independent contractors or are not employees. Such action, it is estimated, excluded from the Federal Unemployment Tax Act about 500,000 individuals who had been employees in the light of Supreme Court decisions handed down in June 1947 in the *Silk*, *Greyvan*, and *Bartels* cases.

Coverage of State unemployment insurance laws does not necessarily have to conform to the coverage of the Federal Unemployment Tax Act although States have generally maintained a close similarity to the Federal coverage. At present, in defining the employer-employee relationship that constitutes covered "employment," most State unemployment insurance laws use terms similar to those suggested by the Supreme Court and broader than the common-law master-servant concept. Employers of workers covered under the broader test are therefore relieved of paying the Federal tax but are still obliged to pay the State unemployment insurance taxes.

Congress also amended (Public Law 744) the financing provisions of the railroad unemployment insurance law during the year by providing for flat-rate reductions with rates varying from 0.5 percent when the reserve fund is \$450 million or more to 3 percent, the former standard rate, when the fund is less than \$250 million. With the fund nearly a billion dollars, railroad employers will pay a tax rate of 0.5 percent for 1948, for both unemployment insurance and sickness insurance purposes.

Administratively, the most important Congressional action was the transfer of the United States Employment Service from the Department of Labor to the Federal Security Agency, effective July 1, 1948, and its coordination with the Federal unemployment insurance functions in the Bureau of Employment Security within the Social Security Administration. The United States Employment Service had been transferred from the Department of Labor to the Federal Security Agency in 1939 under the President's Reorganization Plan No. 1 of that year. It remained there until September 1942, when, because of the war emergency, it was transferred to the

newly created War Manpower Commission under title I of the First War Powers Act. In 1945, with the abolition of the War Manpower Commission, it was transferred to the Department of Labor. Under the terms of title I of the First War Powers Act, the transfer was temporary and the Employment Service was scheduled to revert to the Federal Security Agency 6 months after the official termination of the war, in the absence of further legislation. In 1947, the President sent his Reorganization Plan No. 2 of 1947 to Congress, providing for the permanent location of the Service in the Department of Labor. This plan was turned down by Congress. In January 1948 the President sent another reorganization plan to Congress, providing for the permanent retention of the Employment Service in the Department of Labor and the transfer of the Bureau of Employment Security to that Department. This plan was also defeated by Congress. Instead, through the Supplemental Federal Security Agency Appropriation Act, 1949, Congress transferred the Employment Service to the Federal Security Agency and it became part of the Bureau of Employment Security.

Although most State legislatures have regular sessions only in the odd-numbered years, 10 legislatures met in 1948; all considered amendments to their unemployment insurance laws, and only Rhode Island adjourned without taking some action. Mississippi became the fifty-first, and final, jurisdiction to adopt experience rating, and New Jersey the third State to enact a temporary disability insurance program coordinated with unemployment insurance. While more attention was paid to changes in experience-rating provisions than to any other single aspect of the program, six of the nine States that amended their laws increased benefits in some way.

On May 15, Puerto Rico—which is not eligible for participation in the Federal-State unemployment insurance system under the present provisions of the Social Security Act—passed a law providing for unemployment insurance benefits for workers in the sugar industry. The benefits and administrative costs are financed by employer and employee contributions of 5 percent each of wages of workers in the sugar industry. The law differs from the State unemployment insurance laws in a number of significant aspects. It provides benefits up to \$3 a week to workers in the ‘agricultural phase’ of the sugar industry and up to \$5 a week to workers in the “industrial phase.” Benefits are to be paid only during the 4 months October through January, the period between the end of one grinding season and the beginning of the next. Contribution and benefit payments begin in 1949.

UNEMPLOYMENT INSURANCE IN 1947-48

Covered Workers

As the fiscal year began, the number of workers employed by firms subject to State unemployment insurance laws stood at 32.1 million, more than at any previous period of the program's history. In 5 of the first 6 months of the fiscal year, covered employment attained a new record level, reaching 33.2 million in December. In response to usual seasonal influences, employment then fell off slightly and, recovering somewhat more slowly than usual from the winter drop, stood at 32.6 million at the fiscal year's end.

Many more persons have some work in covered industries during a year than are employed at any one time in those industries. About 45.6 million individuals, it is estimated, earned some wages in covered employment in 1947, and about four-fifths of them, or 37 million, had sufficient wage credits to qualify for benefits.

Despite the growing number of jobs covered by the State systems, about 13.0 million jobs were excluded from coverage under State or railroad unemployment insurance programs in an average week of the fiscal year 1948. About 1.7 million were agricultural jobs, and 3.0 million were in excluded small firms in covered industries; 5.2 million were governmental jobs—1.7 million in the Federal Government and 3.5 million in State and local governments; the other 3.1 million were jobs in domestic service in private homes, nonprofit organizations, and other excluded employment. In addition to the 13.0 million excluded jobs, another 12.4 million persons were deriving their livelihood during the average week of the year from self-employment or unpaid family work lying outside the unemployment insurance system; 4.8 million of them were farmers, 1.5 million were unpaid family workers in agriculture, and 6.1 million were self-employed in nonagricultural work. No State extended coverage during its 1948 legislative sessions to any groups except maritime workers.

Maritime workers.—The Social Security Act Amendments of 1946 extended coverage under the Federal Unemployment Tax Act to services in private maritime employment and, in adding title XIII to the Social Security Act, established a temporary Federal program of reconversion unemployment benefits for seamen who had been employed by the War Shipping Administration or its successor, the Maritime Commission, and whose employment was therefore considered Federal employment. These benefits are administered through State employment security agencies. At present 44 of the 45 States that have any private maritime employment cover such employment under their laws; Massachusetts covers fishermen and excludes other maritime employment.

The program of reconversion unemployment benefits for seamen is administered by the Federal Security Administrator, who has entered into agreements with all the State employment security agencies to act as his administrative agents. Each State has agreed to pay benefits in the same amounts, on the same terms, and subject to the same conditions as if seamen's Federal services and wages had been covered by the State law. Under regulations promulgated by the Administrator a seaman's Federal maritime wages are allocated to the State in which he first files a claim for reconversion benefits, and once allocated they cannot be transferred to another State.

The Federal Government reimburses the State for the benefits paid under title XIII, based on Federal maritime wages; these benefits are over and above the amount that would have been payable by the State had there been no Federal program. For a maritime worker with both Federal and State employment in his base period, two determinations are made on his claim, one using only State wages, the other using both State and Federal wages. The inclusion of the Federal wages can increase either the weekly amount or the number of weeks for which benefits are due, or both. Claimants eligible for the maximum payable under a State law on the basis of State wages alone, however, receive no additional amount from the Federal Government.

The Bureau of Employment Security has kept in close touch with the administration of title XIII. It reviews all State procedures and appeal decisions to assure that the State agencies are, in fact, paying Federal benefits just as if the Federal maritime service had been subject to the State laws. Special surveys have been made in the States having the largest volume of Federal claims.

Although the Seventy-ninth Congress enacted title XIII in 1946, no funds were appropriated to pay benefits under this program until the Eightieth Congress provided them. Since the amendment specifically provided that no benefits were payable for unemployment occurring before funds were appropriated, the program became effective with the enactment of the Labor-Federal Security Appropriation Act on July 8, 1947. The impact of the benefit payments was thus shifted to the fiscal year 1948, although the appropriation request had been based on the assumption that the preceding fiscal year would bear the initial load. Consequently the \$900,000 appropriated by Congress for benefit payments was exhausted before the end of the first half of the fiscal year, and two separate deficiency appropriations totaling \$2,270,000 were made.

It was estimated that between 200,000 and 250,000 seamen had been employed by the War Shipping Administration and were potentially covered by the program, but the number with current employ-

ment has declined rapidly as ships have been transferred to private ownership. Only a small proportion have filed claims for benefits.

From the beginning of the program in July 1947 through June of the following year, 46,200 individuals filed claims and 38,900, or 84 percent of them, were found eligible for benefits under this program. Of the eligible claimants, 40 percent had worked only for the War Shipping Administration in their base periods and were entitled to benefits only from Federal funds. On the average, these beneficiaries received \$20.22 a week. The rest of the eligible claimants had both War Shipping Administration and State-covered wages. For about 14,000, the weekly benefit amount and/or the potential duration of their State benefits were increased by reason of their Federal maritime service. During the year, a total of 193,900 weeks of unemployment were compensated, and expenditures from Federal funds totaled slightly more than \$3.3 million. Nearly 85 percent of this amount went to seamen who had Federal maritime wage credits only and who would not have been entitled to any benefits in the absence of this program. Seaboard States spent 95 percent of the Federal funds; California and New York together spent 53 percent.

Claims and Benefit Payments

Claims.—In July 1947, unemployed covered workers filed 943,000 initial claims and 5.2 million continued claims. With few exceptions, both types of claims dropped sharply in each of the following months as employment picked up, particularly in the automobile, apparel, and other seasonal industries. By November, initial claims had dropped to 602,000 and continued claims to 2.8 million. The onset of the cold weather in December and the attending seasonal unemployment, augmented by coal and gas shortages, sent initial claims to about 878,000 and continued claims to 4.9 million by March. The increase in initial claims in the next 3 months was due principally to the beginning of new uniform benefit years in 10 States and did not represent new unemployment. In each month of the fiscal year except March, continued claims were below the corresponding month of the preceding year. During February-April, however, initial claims were considerably above those in the corresponding period in 1947 as a result of the extremely cold weather, which caused a shortage of gas for industrial use, and of the steel shortage resulting from a labor dispute in the coal industry. For the fiscal year, 9.9 million initial claims were filed, 3.3 percent more than in the prior year, but continued claims dropped by 8.5 percent.

Measured in terms of covered workers, State-insured unemployment remained low throughout the year. For every 100 workers covered by

the State unemployment systems, 4.0 were unemployed and filed claims during a week in July 1947; by November this ratio had declined to 2.4 percent, a postwar low. By February it had risen to 3.7 percent and remained at about that level during the rest of the fiscal year. The trend in this ratio followed that for the preceding fiscal year but averaged about half a percentage point below the 1946-47 ratios.

Interstate claims.—For the second successive fiscal year the ratio of interstate claims to all claims declined. Interstate claims comprised 4.8 percent of all initial claims and 5.6 percent of all continued claims taken during the year, as against 6.0 and 8.0 percent in the preceding year. Seven States—California, Illinois, Michigan, New Jersey, New York, Ohio, and Pennsylvania—were liable for nearly half the interstate claims filed. Interstate activities followed the trend of all claims and reached their peak during January–March. Pennsylvania was the only northern industrial State that consistently took more claims as agent State (from claimants with wage credit in other States) than it received as liable State (in which the wage credits were earned).

By the end of the fiscal year, 18 States were participating in an experimental plan developed by the States in cooperation with the Bureau of Employment Security to simplify interstate claims procedures and expedite payments to interstate claimants. Under this plan the paying (agent) State accepts the new claim and transmits it to the transferring (liable) State, which makes the initial determination both of the benefit amount and of possible disqualification. The transferring State then sends the determination back to the paying State, which handles all subsequent determinations and all payments on the claim in accordance with the provisions of its own law, subject to the limitations of the initial determination. Periodically, the transferring State reimburses the paying State for the amounts expended.

Seven States—Arkansas, California, Georgia, Louisiana, Minnesota, North Dakota, and Oklahoma—participated in the plan during 1947. A review of the progress made during the year in the seven States indicated that the plan eliminated the interstate continued-claim form, reduced the number of questionnaires on availability sent out by liable States, and simplified local-office operations. Moreover, the quality of claims taking improved. The local-office personnel in the paying State had more interest in and spoke with more authority about the interstate claim, since all actions affecting benefits, other than the initial determination, are within the paying State's authority. On the other hand, while promptness with which payments are made improved, there was still a long time lapse between the receipt of

the claim and the payment of benefits. Part of this time lapse, at least, was due to the fact that the seven participating States were widely scattered geographically. As of April 1, 1948, an additional 11 States—Arizona, Hawaii, Idaho, Maine, Montana, New Mexico, Rhode Island, South Dakota, Utah, Vermont, and Wisconsin—subscribed to the arrangement. Experience since they entered the plan is not yet available. There have been some simplifications in procedures, and no serious problems have arisen out of the increased participation.

Time lapse in benefit payments.—The volume of intrastate claims tapered off during the 1948 fiscal year, and benefits were paid more promptly. Nevertheless, even though practically every State reduced the time required to process its claims, payments—particularly first payments—were still delayed longer on the average than in prewar days. The difference is due primarily to a change from weekly to biweekly claims taking in some States. Since time lapse is measured from the end of the week of unemployment for which benefits are claimed, rather than from the date on which the claim is filed, the payment on biweekly claims is inevitably less prompt than on weekly claims. Before the war all claims were taken weekly, and 83 percent of the first payments in 1941 and 94 percent of the second and subsequent payments were made within 2 weeks. During this fiscal year, payments based on weekly reporting were made almost as promptly as before the war—79 percent of the first payments and 92 percent of the second and subsequent payments were made within 2 weeks. The record on claims taken biweekly, representing nearly a third of all intrastate claims, was very different, however; only 46 percent of first payments and 67 percent of second and subsequent payments were made within 2 weeks. In June 1948, 12 States, including such large States as Connecticut, Illinois, Minnesota, Missouri, New Jersey, and Tennessee, took all claims and 10 others took some claims biweekly.

Interstate claims, which are taken on a weekly basis, were paid more promptly during the fiscal year 1948 than in the preceding year. Forty percent of the first payments and 50 percent of the second and subsequent payments were made within 2 weeks as against 32 and 40 percent, respectively, in 1946–47. The promptness with which these payments were issued, however, still lagged behind the prewar record in 1941, when 64 percent of the first payments and 74 percent of the second and subsequent payments were made within the 2-week period. The current volume of interstate payments, on the other hand, is somewhat larger than the prewar volume.

Benefit payments.—The decline in the number of claims filed accounted for the decline in benefit expenditures. Altogether, \$752.5

million was paid out in benefits, or 90.3 percent of the amount spent in the preceding fiscal year.

Not all persons who filed claims received benefits. Of the 4.7 million who filed claims and had sufficient wage credits to qualify for benefits, about 3.8 million or 81 percent drew benefits. Some claimants did not receive benefits because they were declared unavailable for work or were disqualified for various reasons, but by far the larger proportion were reemployed during the waiting period.

Amount and duration of benefits.—During the course of the fiscal year the average claimant filed claims for about 5 weeks per spell of unemployment. While most claimants were reemployed fairly quickly, a minority had much more difficulty in finding other jobs despite good employment opportunities in most sections of the country. Altogether, 3.8 million persons, 6 percent less than in 1946-47, received benefits. The average beneficiary drew benefits for 11 weeks in a benefit year. This was about 9 weeks short of the average duration of benefits to which eligible workers were entitled, and was half a week less than the average during the preceding fiscal year. In all, benefits were paid for 42.4 million weeks of unemployment, about 90 percent of the number compensated in 1946-47. Even in a period of high-level employment, some individuals found it difficult to obtain suitable work. About 1.1 million claimants, or 30 percent of all beneficiaries, exhausted their benefits; in the preceding year 36 percent exhausted their benefits. A disproportionately large number of these claimants were nonwhite persons, older workers, women, or claimants with limited skills, who were unable to meet the more rigid hiring specifications of the postwar period.

The average weekly payment for total unemployment, which had declined fairly steadily during the year ended June 30, 1947, increased more or less regularly during the past fiscal year. In June 1948, this average payment was more than \$1 above the average a year earlier. While the average for the year was \$18.19, it had increased from a postwar low of \$17.65 in April 1947 to \$18.97 in June 1948. The averages conceal variations among the States. The range in the average for the year was from \$11.10 in North Carolina to \$23.26 in Alaska.

This increase in the size of the weekly benefit, reversing a trend which began early in 1946, can be traced mainly to increases in weekly wages and increases in the maximum benefits provided under State laws.

Workers with dependents are better protected than are other workers in the five States that pay dependents' allowances—Connecticut, the District of Columbia, Massachusetts, Michigan, and Nevada. Of the first payments made during July 1947–March 1948 by these States,

27 percent included an allowance for dependents. The average weekly benefit amount for beneficiaries receiving dependents' allowances was \$25.09, 21 percent more than their basic weekly benefit. Among all beneficiaries in the five States during the same period, 39 percent of the men and only 5 percent of the women benefited by these allowances. The proportion varied from State to State because of the differences in the definition of "dependents" for whom allowances can be paid and in the maximum amounts payable.

The State legislatures meeting in 1948 continued to amend their laws to increase the benefits provided, although the changes did not keep pace with the rise in prices. Mississippi and Virginia raised their maximums from \$15 to \$20, Kentucky from \$16 to \$20, and Louisiana from \$20 to \$25. New York increased its \$21 maximum to \$26, the highest maximum payable in any State without dependents' allowances. Under a provision in the law authorizing the agency to increase the weekly benefit amount up to 20 percent, Maine increased its benefits by 12½ percent, raising the maximum to \$22.50.

Four States raised the minimum benefit payable—South Carolina from \$4 to \$5, Kentucky from \$5 to \$7, Louisiana from \$3 to \$5, and Maine from \$6 to \$6.75. Minimum benefits now range from \$3 in two States to \$10 in seven States. Mississippi increased the potential duration of the benefits from 14 to 16 weeks, South Carolina from 16 to 18, and Kentucky from 20 to 22.

Eligibility and Disqualification

Determining the actual amount and duration of benefits which a claimant can receive and the past employment or earnings he must have had in covered work is a relatively simple computation, since both determinations are set forth quantitatively in State laws. The determination that an individual is entitled to benefits for a particular week is probably the most difficult administrative function, because it also involves a decision that he is in fact able to work and available for work and is not subject to disqualification for any of the reasons specified in the State law. These provisions are designed to test the claimant's current attachment to the labor market and the genuineness of his unemployment. What the provisions of the State law are and how they are to be interpreted are left to the States, which are limited only by requirements of the Federal act designed to assure benefits to workers eligible under the State law and to protect certain labor standards.

All State laws disqualify a worker who leaves his job voluntarily without good cause, is discharged for misconduct connected with his work, or refuses suitable work without good cause, or whose unem-

ployment is due to a labor dispute in which he is directly concerned. The exact statutory provisions and their interpretation and application vary from State to State and from time to time, in the light of changing labor-market conditions. There is also variation in the statutory requirements concerning a worker's ability to work and his availability for work. While some laws specify only that the worker must be "able to work and available for work" in order to draw benefits, others provide that he must be "able and available to perform full-time work . . . of a character generally similar to work for which he has previously received wages." Fifteen States have the requirement that a claimant must be actively seeking work and three that he must be unable to obtain suitable work, work in his usual occupation, or work for which he is reasonably fitted. This area of the program—both the legislative provisions and the decisions under them—is more sensitive than any other part of the program to labor-market conditions, labor-management disputes, and public attitudes toward unemployment insurance.

During the period July 1947 to March 1948, 380,481 claims, or 6.3 percent of the initial claims filed by insured claimants, were denied by State agencies on the grounds that the individuals filing them were unable to work or unavailable for work. The proportion declared unavailable varied widely among the States, from 2.3 percent in Florida to 30.5 percent in North Dakota.

Disqualifications under State laws take two general forms—postponement of benefits, or reduction in the benefits potentially payable. The postponement may be for a specified period following the act for which the individual is disqualified, or for the entire time he remains unemployed, or until he has been reemployed and earned specified amounts. The reduction in benefits may be in terms of a specified number of weeks combined with a postponement period, or may be a cancellation of some or all of the wage credits on which benefit rights are based. In 22 States, disqualification provisions for one or more of the three major statutory reasons (voluntary quit without good cause, discharge for misconduct, and refusal of suitable work) either reduce benefit rights or cancel them entirely.

Of the 380,854 disqualifications imposed from July 1947 to March 1948 for all reasons except labor disputes and receipt of other remuneration, 79 percent involved only postponement of benefits while the other 21 percent reduced or canceled benefit rights. Among those involving postponement, about 57 percent were for the duration of the spell of unemployment to which the disqualification applied, compared with 50 percent in the same period of 1946-47. Among those involving canceled or reduced benefits, 9 percent involved complete cancellation of all rights to benefits for the rest of the benefit

year, regardless of possible later spells of unemployment with which the disqualification was in no way connected.

Appeals

Although the volume of new cases received by State appeals bodies fell below the number in the preceding year, it remained well above the level of the war and prewar years. In the first 9 months of the fiscal year 1948, lower appeals authorities received 124,000 unemployment insurance appeals, as compared with 156,000 in the last 9 months of the fiscal year 1947. During the same two periods they made, respectively, 157,000 and 180,000 dispositions. The high volume of dispositions in the fiscal year 1948 made it possible to reduce the number of first-level appeals pending by more than half, from 61,000 on June 30, 1947, to 27,000 on March 31, 1948.

Higher appeals authorities, whose personnel is more fixed in number, were not able to effect such striking reductions in the number of appeals pending, particularly in view of the heavy load passed on to them by the lower appeals authorities. They disposed of 24,000 appeals in the first 9 months of the fiscal year, however, as against 27,000 for the last 9 months in the preceding fiscal year. On March 31, 1948, the number of appeals pending at the second stage was 6,600, a reduction of 800 in 9 months.

The lower appeals authorities decided cases somewhat more promptly than during the prior year. The relative number of appeals decided within 30 days rose from 8 percent in the fiscal year 1947 to 9 percent in the first 9 months of the fiscal year 1948. The percentage of cases decided within 90 days increased during the same period from 45 to 57. The higher appeals authorities were less prompt in handing down decisions during the first 9 months of the fiscal year. Decisions issued within 30 days remained at 10 percent, but decisions issued within 90 days dropped to 52 percent, from 63 percent in the preceding year.

As in previous years the largest number of cases handled by both the lower and higher appeals authorities involved the issue of availability for work. Most of the appeals were taken by claimants. In only 27.6 percent of the cases, however, were such appeals modified in the claimant's favor, the lowest proportion on record. Among the 22,800 appeals taken by employers, 63.7 percent were modified against the claimant's interest.

Financing Benefit Costs

Funds available for benefits.—Funds available for benefits on June 30, 1948, totaled \$7.4 billion, \$362 million more than the amount in

the reserve at the end of June 1947. Collections during the fiscal year totaled \$1,007 million, and interest earned on State accounts in the unemployment trust fund amounted to \$147 million. It is estimated that about \$973 million of the amount collected was raised through employer contributions and \$34 million came from a tax levied on employees in two States, Alabama and New Jersey. On June 1, 1948, New Jersey allocated three-fourths of the employee tax and \$10 million of prior contributions in its reserve to help finance its temporary disability insurance program.

The increase in collections took place despite the fact that the average tax rate for all States combined declined to an annual rate of 1.2 percent by the end of the fiscal year. This average rate, however, concealed wide differences among the States. The lowest—0.3 percent—obtained in Connecticut, while Mississippi, the only State without experience rating during 1947–48, taxed all employers at the standard rate of 2.7 percent. Of the jurisdictions with reduced rates, only Alaska had an average rate above 2 percent during the fiscal year.

Benefit expenditures aggregated about \$752.5 million, an amount equivalent to 1.0 percent of taxable pay rolls and 74.7 percent of collections. In 5 States, benefits exceeded collections, but in two of them interest payments more than made up the difference.

Although the total amount in the 51 State reserves increased by 5 percent, the ratio of funds available on June 30 to the total amount of taxable wages for the preceding calendar year was 9.6 percent, as compared with 10.1 percent a year before. The decline in the reserve ratio was caused by an increase of 10.0 percent in taxable wages combined with a decline in tax rates from 1.4 percent of pay rolls in 1940–47 to 1.2 percent in 1947–48.

The reserves increased during the fiscal year in all States but Connecticut, Massachusetts, and Rhode Island. In Connecticut, benefit outlays equivalent to only 0.7 percent of taxable pay rolls exceeded collections and interest because the average employer contribution rate dropped to 0.3 percent under the amended State experience-rating formula. Benefit expenditures in Massachusetts declined slightly to 1.6 percent of pay rolls but continued to exceed the average tax rate of 1.2 percent. In Rhode Island, experience rating, which became effective for the first time during the fiscal year, reduced the average tax rate to 1.4 percent, while benefit outlays represented 2.3 percent of taxable pay rolls; in addition, the State transferred \$29 million to its temporary disability insurance program. No State had a reserve less than 5.5 percent of taxable wages, and in 31 States the reserve ratio exceeded the national average.

Experience rating.—Changes in experience-rating provisions were in the direction of lowering the requirements for reduced rates, adding

lower minimums to the rate schedule, and otherwise making it easier for employers to obtain reduced rates. With Mississippi's enactment of experience-rating provisions based on annual pay-roll declines, all 51 States now vary employers' contribution rates according to their experience with the risk of unemployment. Balances in the unemployment trust fund are so large that the lowest rate schedule is in effect in all 25 States that vary the schedule according to the condition of their reserve fund.

At the present time, 13 States provide for rates above 2.7 percent and five, for a minimum rate of zero. Only eight States have a minimum rate as high as 1 percent.

Financing Administrative Costs

One of the problems affecting the administrative financing of the unemployment insurance program is the difficulty of estimating a year in advance the work loads that will be experienced in the ensuing fiscal year, and of anticipating other changes—such as salary increases in State agencies and amendments to State laws—that affect State costs. Inability to take account of such contingencies in requesting Federal appropriations under title III of the Social Security Act has made supplemental appropriations necessary.

In the fall of 1946 the Social Security Administration estimated that the amount of title III funds needed for financing State unemployment insurance activities during the fiscal year 1947-48 would be \$57.6 million and submitted such a request to Congress. By May 1947, however, before the appropriation had been made, it became clear that this amount would be insufficient because work loads would be higher than originally estimated and salary rates had increased substantially in many States. A supplemental request for \$12.0 million was accordingly submitted to Congress in May 1947, making a total request of \$69.6 million for the fiscal year 1948. Although Congress did not wholly concur in the estimated work loads on which the supplemental request was based, it approved a total of \$65.6 million in the regular and supplemental appropriations in July 1947, earmarking \$698,000 for use only in the event that work loads increased in the second half of the fiscal year.

Later it became apparent that salary rates in many State agencies had increased even higher than anticipated in the supplemental request. A second supplemental appropriation was therefore requested, and in May 1948 Congress approved an additional amount of \$1.6 million and released the \$698,000 previously earmarked. Thus, a total of \$67.2 million was appropriated to finance the administration of the 51 unemployment insurance laws in 1947-48.

The Social Security Administration has continued to work with the Administrative Financing Committee of the Interstate Conference in preparing work-load estimates for title III appropriations, as well as on other problems involving preparation and review of State budgets. The Bureau has given a great deal of consideration to solving the problem resulting from the short period of time in which the budget reviews must be completed and budgetary determinations made. In seeking a solution the Bureau has been endeavoring to work out with each State tentative standard budgetary allowances for varying levels of work loads based on each State's own experience. Except in certain indisputable high-cost areas, the standard budgetary allowances will remain unchanged from one budgetary period to another unless and until factual studies initiated either by the State or by the Bureau demonstrate the need for changing the allowances.

The Bureau of Employment Security and the U. S. Employment Service developed joint over-all standards for use by State employment security agencies in the fiscal and business management fields. These joint standards superseded the separate standards issued by the Secretary of Labor and the Commissioner for Social Security, which State employment security agencies have followed in administering their employment service and unemployment insurance programs since the State employment services were returned to State operation on November 16, 1946. In developing these joint standards, careful consideration was given to revisions needed to ensure reasonableness and workability. One of these involved a change in the standards relating to procurement of equipment and supplies, which enables State employment security agencies to utilize more completely than heretofore the facilities, rules, and procedures of central State purchasing agencies when the net results are substantially the same as may be achieved under the provisions of the Social Security Administration's standards. The manual of specifications for use by State employment security agencies in procuring equipment was also completely revised and simplified to recognize currently prevailing market conditions and price levels for equipment. Other work done on standards included a clarification of the Federal responsibility on audits of State unemployment insurance operations and a restatement of the standards on expenditures by State agencies for occupancy of office space.

The financing of State operations and accounting of funds by the States became increasingly difficult during the year because joint overhead costs of the agencies were financed by three different Federal agencies—the Social Security Administration, the U. S. Employment Service (in the Department of Labor), and the Veterans Administration. Although the three Federal agencies cooperated closely and

endeavored to issue joint instructions and procedures, it was not always possible to coordinate completely all actions taken. The transfer of the U. S. Employment Service to the Bureau of Employment Security on July 1, 1948, and the review by one Federal agency of a combined State budget for employment service and unemployment insurance functions should do much to alleviate these problems.

Temporary Disability Insurance Coordinated With Unemployment Insurance

Several States in 1948 showed interest in provision of cash benefits to individuals unemployed because of illness. Bills providing in some way for such benefits were introduced in four State legislatures. New Jersey joined Rhode Island and California by enacting a temporary disability insurance law for workers covered by its unemployment insurance law, with payments beginning January 1, 1949. All three States took advantage of the amendment to the Social Security Act permitting the withdrawal of employee contributions deposited in their accounts in the unemployment trust fund to help finance benefits under their temporary disability insurance systems.

The three State systems are financed wholly or mainly by employee contributions which formerly went to unemployment insurance. In California and Rhode Island, employees pay 1 percent of taxable wages for disability insurance. In New Jersey, employers pay 0.25 percent of taxable pay rolls for disability insurance, while employees pay 0.75 percent for disability insurance and 0.25 percent for unemployment insurance. Administrative expenses are limited to 6 percent of contributions in Rhode Island and New Jersey and to 5 percent in California.

In all three systems, the coverage is limited to persons covered by unemployment insurance. Both Rhode Island and New Jersey also allow individuals who depend on prayer or spiritual means for healing to elect not to be covered by the contributions and benefit provisions of the temporary disability insurance law. In California such individuals are covered but may have their disabilities certified by practitioners of their church.

In Rhode Island, all contributions are paid into a pooled State fund and all benefits are paid from that fund. In California and New Jersey, coverage under a voluntary plan (usually with an insurance company) may be substituted for coverage under the State fund if the private plan meets certain requirements of the law.

All three systems use the same wage records as for unemployment insurance and provide benefits which are either identical with or similar to the benefits provided for unemployment insurance. In

Rhode Island the weekly benefit amounts and potential duration of benefits for disability insurance are computed by a less liberal formula than that adopted in 1947 for unemployment insurance. California uses the same benefit formula for disability benefits under the State plan as for unemployment insurance except that payments for part weeks are not identical; benefits to an individual under the two programs in a benefit year are limited, however, to 150 percent of the benefits payable under either program separately. Voluntary plans must provide greater benefit rights than the State plan offers. All workers who suffer compensable disabilities after they have been unemployed more than 2 weeks draw benefits under the State plan, whether they were, when employed, covered by the State plan or a private plan.

The New Jersey law provides for two different types of benefits to be paid from the State disability benefit fund—one for workers who are in insured employment or have been out of such employment for less than 2 weeks and who are not covered by a private plan, and the other for individuals who have been drawing unemployment insurance. The first is called the State plan; the second, disability during unemployment. Individuals suffering disability during unemployment will have the same benefits as for unemployment, with a 150-percent limit on benefits under the two programs during a benefit year. Individuals under the State plan will have their benefits computed by the same formula applied to a different base period, with separate duration for the two risks. Voluntary plans must provide benefits at least equal to those of the State plan.

During the fiscal year, disability insurance collections in Rhode Island amounted to almost \$6 million and benefits to \$4.3 million, or 0.78 percent of estimated taxable wages. These benefits were paid for 251,700 weeks of disability, at weekly rates ranging from \$6.75 to \$18. In an average week there were 4,900 disability insurance beneficiaries, or two-fifths as many as the number of beneficiaries under the State's unemployment insurance system.

Data on disability insurance operations in California for the fiscal year are available mainly with respect to the State plan. State-plan claimants were paid \$19,410,000 for 962,000 weeks of disability, and the 18,500 beneficiaries in an average week constituted only 15 percent of the number of unemployment insurance beneficiaries. An additional 56,000 spells of disability were represented by private-plan claimants. During the first 6 months of the fiscal year, weekly rates ranged from \$10 to \$20, and benefits were payable only for full weeks of disability consecutive with the waiting period; for benefit years beginning after January 1, 1948, however, the maximum weekly rate has been \$25, and benefits have been paid for all days of disability in

excess of the first 7 in any one spell of sickness. Contributions to the State fund during the fiscal year amounted to \$47,760,000 so that benefits amounted to 0.41 percent of taxable wages covered by the State plan. At the end of the fiscal year, 10,808 employers, 5 percent of all covered employers in the State, had approved private plans in effect covering approximately 765,000 workers, about 32 percent of total covered employment.

Potential causes of the variations in ratio of benefits to pay rolls between the two systems are numerous. There are differences in benefit formulas, eligibility conditions, administration, economic conditions, and personal characteristics of the covered groups, as well as in the length of time the programs have been operating.

Other Aspects of Federal-State Administration

One of the Bureau's chief functions is to assist State agencies in performing a more efficient job and to offer leadership in providing for a sound system of unemployment insurance. The Bureau staff gives general suggestions to all State agencies and, on request, individual advice and help to specific States. Since it receives and studies reports from all States, the Bureau acts as a clearing-house of information on legislative, interpretative, operating, and statistical experience of all States. It has also assisted the States to develop a broad informational program.

The Bureau has worked continuously to develop an improved benefit formula that would continue to base benefits on wages but permit the elimination of central-office wage records maintained by the State agencies. Ten agencies have indicated keen interest in the Bureau's proposals. The Bureau has worked closely with several agencies that have initiated and developed considerable research in this field. Further progress in this area will depend largely on the results of the studies now under way. The Bureau is continuing to encourage the interest of other agencies in these efforts, which hold promise for a major improvement in the program.

Relations with the employment service.—Considerable progress was made during the year in getting a closer working relationship between the Bureau and the Employment Service (then in the Department of Labor). Continuous attention was given to improving the coordination of placement and benefit payment activities in local offices. This coordination has been accomplished by various methods in different States. In New York, for example, a placement interviewer has been assigned to the larger claims offices and has been able to provide job information to claimants, to refer claimants directly to prospective employers, and to serve in a liaison capacity between the

placement and claims functions. Michigan has developed a panel in local offices composed of a placement interviewer and a claims deputy, who make special efforts to place claimants who have been unable to find jobs. Illinois has developed a similar system. In California, an employment interviewer and a claims deputy interview selected claimants in certain circumstances when it is believed such an interview would be desirable for placement purposes. Several States have used special interviews with claimants at regular intervals to question them on their efforts to find employment. The fact that a large proportion of the labor supply now available passes through the local employment office to file claims for unemployment benefits makes it extremely important that increasing effort be given to close working relationships between claims and placement personnel in local offices.

A single set of merit-system standards on the selection and tenure of State agency employees was completed during the year and accepted by the Employment Service as well as all the constituent units of the Federal Security Agency. A single set of fiscal standards for State agencies has been completed and is being issued to the agencies. Instructions for preparing budgets for both State employment service and unemployment insurance costs have been based on a single set of national economic assumptions. While these joint activities remove a great deal of the difficulties that have existed because two Federal departments have been dealing with each State agency, the consolidation of employment service and unemployment insurance functions in the Bureau of Employment Security on July 1 should eliminate the remaining problems of Federal coordination in this area.

Appeals.—The Bureau continued to collaborate with the State agencies in improving appeals operations. Attention was devoted to more efficient conduct of hearings, to streamlining procedures, to staff training and supervision, to improvement of decision-writing, and to securing better determination so as to reduce the occasion for appeals. On request and within the limits of available staff, surveys of appeals procedure and agency organization were made and technical assistance was given the agencies. Under the Bureau's sponsorship, chief referees from nine of the largest States met in Washington for a conference on the management and supervision of unemployment insurance appeals. A statement of the principles underlying benefit-appeals procedures was prepared and distributed to all States. A draft referees' manual, prepared in the Bureau, supplied State agencies with a sample method of preparing and organizing referees' instructions. The program of training in the preparation and development of policy and precedent manuals was continued. In the course

of the fiscal year, staff members from a dozen State agencies came to Washington to participate in such training sessions.

Other operating problems.—The year was marked by a renewed trend toward decentralization of the making of determinations on disqualifying issues to local offices, by increased interest in a similar decentralization of benefit payments, and by more extensive work in the detection of fraudulent claims. In all these areas the Bureau made its staff available to the agencies and helped in evaluating existing operations.

In 23 States, determinations on disqualifying issues are now made in local offices. Not all these States have decentralized determinations on all issues, however, and nearly all still determine labor-dispute issues in their central offices. On the other hand, in some of the States in which most issues are determined centrally, determinations on various types of issues are made in the local offices. Several other States have indicated interest in at least experimenting with decentralization in selected local offices.

Four States now pay benefits in local offices by cash or by check. Rhode Island makes cash payments in all its local offices, and California is in the process of expanding to all its larger offices its program of making cash payments in local offices, which was initiated in four offices in the fall of 1947. Michigan makes local-office payments by check, as does Minnesota in its three largest local offices. No serious administrative or operating problems seem to have developed in those States. From the point of view of the claimant, payment through the local office has the obvious advantage of permitting him to receive his benefit payment on the earliest possible day after the end of the compensable week for which the payment is made. The payment of benefits through local offices makes more practicable the maintenance of claims accounts in those offices, rather than in the central office, and Michigan has decentralized this function. The determination in local offices of the amount and the duration of benefits to which a claimant is entitled is hardly practicable under most State laws, but in Maine and Michigan, where the State law makes such decentralization practicable, the monetary determinations are made in local offices.

From the beginning of the program, the Bureau and the States have directed their attention to developing administrative procedures and methods that will prevent fraud. In any program involving payment of money to large numbers of recipients on the basis of claims made by them, some fraud must be anticipated. The problem is to keep fraud to as low a point as is possible through generally tight administration and through the use of special devices to detect fraud when the costs of and results obtained by these devices can be continuously evaluated.

Although all State agencies have uncovered individual cases of fraud, information received in the Bureau from State agencies indicates that probably not more than one claim in a hundred is fraudulent. The Bureau is continuing to give attention to the problem and to the development of policies and recommendations applicable to the activities of State agencies in the prevention and detection of fraud.

During the year, Bureau technicians made administrative field studies in 16 States. These studies were designed to aid the State agencies in providing more effective operation of the program at lower costs and in considering the installation of new methods, and to obtain information useful in the developmental work of the Bureau.

Much of the field work was related to three studies on which the Bureau was working: (1) an evaluation, in cooperation with the State agencies, of testing procedures designed to improve the quality of claims taking and determinations in local offices and thus prevent fraud; (2) a cooperative program with several State agencies which relates procedures to unit times and costs and which should not only encourage the administrative use of time reports but also indicate to some extent why operations which are basically similar take more time to complete in some States than in others; and (3) a study of State administrative and staff organization and functions for the purpose of developing, if possible, basic standards that could be applied to determining the cost of such administrative and staff services.

Development of employment statistics program.—Substantial progress was made during the year in integrating the work of the Department of Labor, the Social Security Administration, and the State unemployment insurance agencies in the development of regular data on employment and pay rolls for the use of the general public. For the last decade, in accordance with standards established by the Bureau of Employment Security, the State agencies have been compiling employment and pay-roll data for covered industries, based on information submitted on employers' quarterly contribution reports; starting from these basic data, on the other hand, the Bureau of Labor Statistics has been developing general-purpose employment statistics of somewhat broader coverage and greater currency. In accordance with joint arrangements set up by the interested Federal agencies in the preceding year, 14 State unemployment insurance agencies during the fiscal year 1948 assumed responsibility for both of these types of functions, bringing to 26 the number of States in which these responsibilities have been integrated. Arrangements have been in effect for a number of years to coordinate the industrial classification of firms reporting under both the unemployment insurance and the old-age and survivors insurance programs.

IMPROVING UNEMPLOYMENT INSURANCE

The necessity for the unemployment insurance program was again demonstrated during the fiscal year 1947-48 in which, though employment was at peak levels, there was also substantial labor turn-over and seasonal and frictional unemployment. Workers who became unemployed had, for the most part, benefit rights that were substantially greater than in earlier years. The program therefore constituted an invaluable resource in aiding millions of individuals during their search for work or until plants temporarily shut down were reopened. It demonstrated that provision for unemployment insurance did not keep individuals from taking jobs when suitable work was available. Approximately 19 percent of the eligible claimants were reemployed in the waiting period and never drew a benefit check. Although claimants drew benefits for 11 weeks, on the average, they were entitled to 9 more weeks on the basis of their wage credits.

If the program is to achieve its objectives, however, much still remains to be done. Many workers who depend on the continuity of their earnings are still excluded from coverage. The benefits of many workers do not replace a reasonable proportion of wage loss. Other workers whose past earnings and employment would entitle them to benefits are disqualified under severe disqualification provisions or interpretation of State laws. The financing of the program needs thoroughgoing revision.

More than 10 years of experience, the Social Security Administration is convinced, have amply demonstrated that the objectives of unemployment insurance can be most effectively achieved through a uniform Nation-wide system. The following advantages are among many that might be cited. Tax reporting would be greatly simplified for employers. One tax return would serve for all social insurance programs, instead of separate tax returns for the Federal Government and for each State in which the employer operates. An employer would pay the same tax rate in every State in which he operates, and also the same tax rate as his competitors. Employees would receive the same protection wherever they work, and could move freely from State to State without the danger of losing insurance credits. The financing of unemployment insurance could be fitted into Nation-wide policies designed to assure maximum employment and productivity. A much smaller reserve would be required if all funds were pooled for the Nation as a whole and each State did not need to build up a separate reserve to meet its possible requirements. The artificial lines of State boundaries that now separate employment office systems would be eliminated, and the labor markets that cut

across State lines, such as that of St. Louis, Missouri, and East St. Louis, Illinois, could be serviced as a unit. There are now nearly 50 such labor markets in the United States. The restriction on labor mobility that differences in State unemployment insurance laws create would be eliminated. The cumbersome reciprocal arrangements into which States must now enter to deal with the coverage of and payment of benefits to interstate workers, and which have never operated satisfactorily, would be unnecessary. Public understanding of the program would be facilitated. Interstate employers would no longer need to retain expensive staffs to keep informed on the multitudinous differences in the State laws, and interstate workers, as they move from State to State, would no longer be baffled by the differences in the laws. A national employment service would be available in time of national emergency, and it would not be necessary, as it was after Pearl Harbor, for the State employment services to be hastily merged into a national service. The Bureau of Old-Age and Survivors Insurance has demonstrated that a local office of a national bureau can give as personalized service to social insurance claimants as can a State office. Many economies in administration could be effected. The collection of one over-all social insurance tax would result in substantial savings, as would the elimination of the duplicate wage records kept by the Federal Bureau of Old-Age and Survivors Insurance and the State unemployment compensation agencies. The assembly from several States of wage records of interstate workers would no longer be necessary. Many other economies would also be possible.

Coverage

Although the tax-offset features of the Federal Unemployment Tax Act assured that all employment covered by the act would be covered by State laws, 29 States have extended coverage beyond the limitation of eight or more employees still present in the Federal act, and 17 of them cover all firms regardless of size. Thirty other States have legal provisions for covering all firms regardless of size if and when the Federal act is extended to such groups, and 20 States will automatically extend their acts to cover employments now excluded, when the Federal act is so extended.

There is substantial agreement that extension of the Federal Unemployment Tax Act to employers of one or more workers has been too long delayed. Such extension will mean that only four State legislatures will have to amend their laws to cover this group; the rest of the States already have such a provision either effective or dependent upon congressional action. The exclusion of small

firms from the Federal unemployment tax was originally made because of the administrative difficulties involved in collecting contributions from and paying benefits to the employees of small firms. The experience of the 17 States covering all firms irrespective of size has demonstrated that both large and small States can successfully cover firms with one or more employees. Extension of coverage to small firms would add about 2.8 million jobs to coverage under unemployment insurance.

Coverage should also be extended to the employees of nonprofit institutions, except clergymen and members of religious orders and part-time workers whose earnings do not exceed \$45 a quarter. Although there is probably greater stability of employment in many religious, charitable, and educational enterprises than in private business, there is still evidence of considerable unemployment at different times among teachers, nurses, and social workers. Many jobs in nonprofit institutions are exactly the same as those in private industry, and employees such as cooks or laundresses in hospitals, office workers in schools, or printers in religious printing establishments have the same need of insurance protection as do others. Apparently recognizing this fact, at least six States have covered part of the nonprofit group. (See pages 95-97 for a fuller discussion of the issues involved in covering nonprofit organizations.)

The Social Security Administration also recommends that Congress reconsider the action taken in passing Public Law 642, which emphasized the technical common-law control test as the sole basis for determining the employer-employee relationship under the Federal Unemployment Tax Act, and that the broader test of employee status of recent Supreme Court decisions be followed. A broader test is now incorporated in all but 14 State unemployment insurance laws. It is to be hoped that the States will not narrow their present definitions and interpretations but will retain their existing coverage. The experience of 1939 does not support this hope, however; when Federal coverage was restricted by the addition of various miscellaneous groups to those already excluded by a change in the definition of agricultural labor, many States brought their coverage into line with the Federal law.

Some problems concerning maritime workers still remain. When the Federal Unemployment Tax Act was amended in 1946 to permit State laws to cover seamen on private vessels and when the temporary program of reconversion unemployment benefits for seamen was adopted, the authority of the Maritime Commission to operate vessels was due to end on February 29, 1948. As a result, the temporary program was set to expire on June 30, 1949, by which time it was contemplated that seamen would be covered effectively under State laws.

Recent international events have affected this situation, however. The right of the Maritime Commission to operate vessels has been extended to March 31, 1949, and the Economic Cooperation Act provides that at least 50 percent of the gross tonnage of commodities procured in the United States shall be transported on American vessels. As a result, some amendment to existing provisions is needed to ensure that seamen on vessels under the control of the Maritime Commission will continue to have unemployment insurance protection after June 30, 1949.

Additional responsibility should, however, be given to the Federal Government to ensure that maritime workers covered under State unemployment insurance laws will be treated as are all other workers. The 1946 amendments to the Federal act granted permission to the States to tax specified maritime service, "subject to the condition that such service shall be treated, for purposes of wage credits given employees, like other service subject to such State unemployment insurance law performed for such person in such State . . ." These conditions were written into the bill in order "to see to it that the peculiarities of the seamen's trade do not result in unwarranted discrimination against them." The act did not give any Federal agency power to administer this provision, however, nor did it specify any administrative penalty if the condition was not met. To carry out the intent of Congress, responsibility for assuring that maritime workers are treated as other workers with respect to benefit rights should be made a condition of tax-offset credit and the granting of funds. At the present time, two States have different disqualification provisions for maritime workers, and two other States treat differently the wage credits of those workers and the credits of all other covered workers.

In spite of the existence of the civil-service system, the risk of unemployment through abolition or reorganization of agencies, reductions in appropriations, or completion of temporary jobs is very real among Federal employees. With the reintroduction of selective service, large numbers of young men will face the possibility of unemployment on conclusion of their period of service. Consideration should be given to extending the benefits of unemployment insurance to ex-Federal employees and ex-servicemen under such conditions that they will be treated with substantial uniformity, since pay scales, leave regulations, and other conditions of employment are uniform for similar classes of Federal employees throughout the country.

While it would probably be wise to delay coverage of agricultural and domestic workers under unemployment insurance until some experience has been gained under old-age and survivors insurance or through State experimentation, exemption from coverage should cer-

tainly be restricted to bona fide agricultural employment. The definition of agricultural labor in section 1426 (h) of the Internal Revenue Code is so phrased as to exclude many industrial operations from coverage. For example, more than 200,000 workers engaged in the handling, packing, packaging, and processing of fruit and vegetables are excluded. A number of States limit the exclusion to service performed for an owner or tenant of a farm as an incident to ordinary farming operations, and it is recommended that the Federal definition of agricultural labor likewise be confined to such service. If any changes are made in the definition of agricultural labor or of other excluded services, it is important that the technical definitions be kept identical for both old-age and survivors insurance and unemployment insurance.

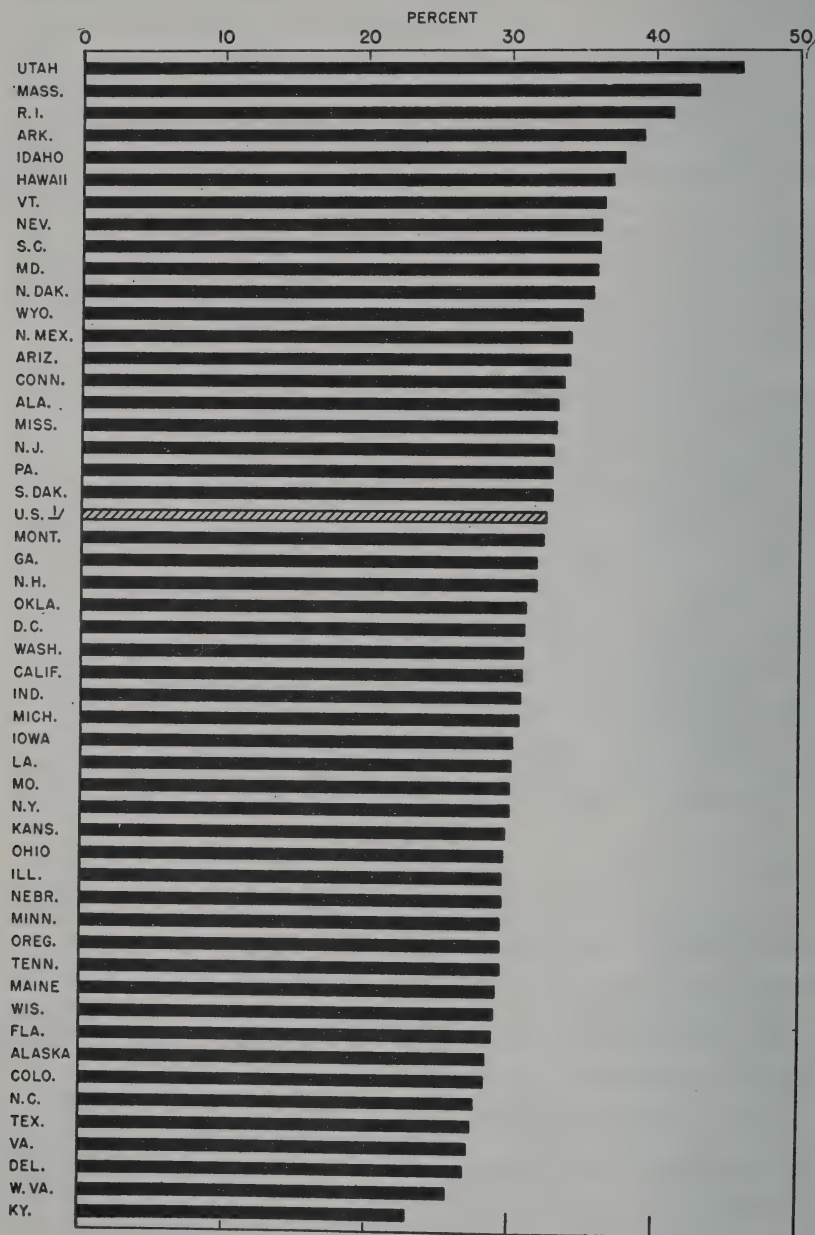
If unemployment insurance is made part of a Federal system of social insurance, coverage can be extended more broadly than under State systems. The principal deterrent to covering small firms and agricultural and domestic employees under unemployment insurance has been the administrative problem of collecting contributions for them. Old-age and survivors insurance already covers employers of one or more employees. The feasibility of extending coverage to all employers, regardless of size of firm, has therefore been demonstrated. It is recommended elsewhere in this report that the protection of old-age and survivors insurance be extended to agricultural and domestic workers. If a single Federal contribution is collected from these groups for the other Federal social insurance programs, the contribution need merely be increased in amount to cover the same groups for unemployment insurance. In fact, identical coverage would simplify administration.

Benefits

In 1937, all but two State laws provided a maximum weekly benefit amount of \$15; today only one State, with 1 percent of the employed covered population, contains such a maximum in its law. The laws of 40 States, that include 88 percent of the covered population, now contain maximums of \$20 or more. Five States provide additional benefits for the dependents of claimants.

Despite these developments, however, the inflationary trend in prices is creating inequities. High prices are hurting all consumers, and especially those with fixed incomes. The great majority of individuals who have no current earnings and whose income is derived from pensions, benefit payments, or annuities are particularly hard hit. A large number of workers, despite rather steady employment at wages which seem fairly high as compared with prewar rates, are

Chart 10.—Ratio (percent) of average weekly unemployment benefit to average weekly wage in covered employment, by State, October–December 1947



✓Includes Alaska and Hawaii.

spending a disproportionate share of their income on nondeferrable necessities. As a consequence, they find themselves without cash reserves and in serious economic difficulties when faced with unemployment of even short duration. Unemployment insurance payments, in such circumstances, play a particularly significant role in the budget of the unemployed worker. To be adequate, the benefit for a claimant without dependents should be at least 50 percent of weekly wages. In addition, claimants with dependents should receive supplementary amounts.

The average weekly benefit is much higher today than it was before the war—it rose from \$10.56 in 1940 to \$18.19 in 1948—but rising prices have cut considerably the “real” value of the benefits. In terms of the consumer’s price index (based on 1935–39 prices) the 1948 benefit is now worth only about \$10.50. Moreover, despite the increase in the maximum weekly benefits in many States, the wages to which the benefits are geared have increased to an even greater extent. While the *average* benefit increased by about \$7.50 over the amount in the fiscal year 1939–40, the average wage in covered employment rose by about \$25. Consequently the ratio of average weekly benefits to average weekly wages has declined. In October–December 1940, average benefits represented 37 percent of average wages, but the proportion dropped to 32.5 percent by October–December 1947. In 18 States the ratio was less than 30 percent. In the great majority of States, the *maximum* weekly benefit—not the average—was well below 50 percent of average weekly earnings, the ratio accepted from the beginning of the program. The Social Security Administration recommends that the maximum benefit be \$30 for persons without dependents and \$45 for persons with three or more dependents. In arriving at the percentage of wage loss to be compensated, the benefit formula should be designed so that average weekly benefits for a person without dependents approximate 50 percent of average weekly earnings.

In 1937, 45 States set the maximum duration of benefits at between 12 and 16 weeks a year, and only five States set it at 20 weeks. In June 1948, 40 States, with 87 percent of the covered population, provided a maximum duration of 20–26 weeks. Not all States, however, protect all eligible workers for the maximum duration established by the State law, even if they remain unemployed. Only 15 laws provide for a uniform duration of benefits to all eligible workers of that State; the others relate the actual duration of a worker’s benefits to his past employment and earnings. While this provision may not be serious in a period when unemployment is brief and workers have steady employment before they become unemployed, it is not a sound

provision for future planning. The Social Security Administration recommends that 26 weeks' potential duration of benefits be provided to all claimants who meet the qualifying-wage requirement.

Disqualification from Benefits

The adequacy of the program has been affected seriously by the distortion of disqualification provisions. In 1937 only seven States provided for outright cancellation or reduction of benefit rights when a worker voluntarily quit a job without good cause, was discharged for misconduct, or refused suitable work. Today 22 State laws contain such provisions.

In 1937 only five State laws postponed benefits for the duration of an individual's unemployment, and in each of these States it was for a single disqualifying cause. Today 10 States postpone benefits until reemployment, and the specified causes total 25. In 1937 only four States limited good cause for voluntary leaving to good cause "attributable to the employer." Today 16 State laws contain such a provision. In 1937 no State had a disqualification period for voluntary leaving in excess of 9 weeks; now seven States would disqualify for 11 to 16 weeks, and 10 States disqualify for the duration of the spell of unemployment. In general, a similar situation exists with respect to discharge for misconduct and refusal of suitable work. Many of these disqualifications have been inserted in State laws with the hope that, through the imposition of these disqualifications, employers' contribution rates can be reduced still further. It may be that the type of experience rating now in effect in most States has been largely responsible for these disqualification provisions and for the increasing number of harsh benefit decisions. There is some indication that in a significant number of cases the decision whether benefits shall be paid or denied turns, not on the reasonableness of the claimant's action, but on whether the employer is or is not found to be responsible for the claimant's unemployment.

The Social Security Administration recommends that all disqualifications should involve only a postponement of benefits of not more than 4 weeks and in no event should a disqualification for voluntary quitting be imposed if a claimant quits with good cause, not excluding causes based on good personal reasons, nor should a disqualification be inflicted for discharge because of inability to do the work. In an economic system like ours, based on free private enterprise, it is important that the unemployment insurance system protect the freedom of the individual when such freedom to move from one job to another is geared to generally accepted social objectives.

Financing More Adequate Benefits

In planning the financing of the unemployment insurance program, the Committee on Economic Security recommended and Congress established a 3-percent Federal tax on pay rolls. The accompanying provision—permitting employers to offset up to 90 percent of the Federal tax for contributions to State funds—in effect established the presumption that a basic State contribution rate of 2.7 percent was necessary to finance benefit outlays over a business cycle.

Nine years of State experience in paying benefits have provided a better understanding of the relation of contribution income and benefit outlays to changes in labor-market conditions. Furthermore, vast reserves have accumulated in the unemployment trust fund since 1935 despite the fact that all States now collect contributions below the statutory rate through the operation of experience rating and that almost all the States have increased the amount and duration of benefits and decreased the waiting period. The average effective rate for the country as a whole was 1.2 percent in 1947–48, and the amendments to experience-rating provisions of State unemployment insurance laws operated to prevent automatic increases in rates and to make it easier for employers to obtain or keep their low rates. These changes have served to place the program, during the present period of high employment, on almost a current financing basis, with total annual contributions roughly equaling annual benefit expenditures.

Studies of the benefit costs of the program indicate that unemployment insurance is much less costly than it was believed to be 10 years ago and that contributions needed to support the benefits can be less than originally contemplated, by proper utilization of existing reserves. If all contributions are collected by the Federal Government under a uniform, Nation-wide system and placed in a single fund, the reduction in the tax could be significantly greater than if the Federal-State system is continued and separate reserve funds are maintained for each State. Under the Federal-State system, not only are administrative expenses higher than they would be under a national system, but part of the total tax should be set aside as a fund to guarantee the solvency of the State laws, in view of the marked differences among States in their experience with unemployment.

Experience has indicated that existing Federal requirements to be met by employers, if they are to receive “additional credit” against the Federal tax, are difficult to interpret and incorporate in a workable experience-rating plan. Furthermore the requirements involve many intricate questions that have little practical effect in safeguarding the national interest, which demands that rate reductions shall not jeopardize the payment of benefits. In addition, existing experience-rating plans work in such a way as to raise rates just when sound

financing would dictate the need to lower them. The standards in the Federal act also serve to penalize new employers. Obviously a uniform rate applicable to all employers would be simpler and more economical to administer. It would facilitate the adoption of plans that would vary rates with the business cycle and the extension of coverage to groups not now covered. If the additional-credit provisions of the present Federal act are retained, they should be so amended as to give States greater freedom in the type of rate modifications they wish to establish. States then would be free to continue individual experience rating without the need for meeting the standards now included in the Federal act, or they could adjust rates uniformly for all employers. If rate modifications are permitted under State laws, Federal standards should assure that adequate benefits are paid in every State and so financed as to give reasonable assurance of the solvency of the fund over a decade.

To ensure that State financial provisions will not require an increase in employer contribution rates when benefit outlays are heavy—exactly the worst time for sound financing—there should be permanent and adequate provision for making Federal funds available to the States when their funds become low. The provisions now in Federal law for advances to the States are due to expire January 1, 1950.

A further safeguard against needing to increase contributions during periods of heavy unemployment would be provided by the requirement of a minimum State contribution to State funds necessary to secure full credit against the Federal tax. The average contribution rate is low in many States—and not only in States with high reserves. Thus, one State has reduced its average contribution to 0.7 percent of pay roll, although its reserves now represent only 7.1 percent of pay roll, as against 9.5 percent 4 years ago. In fact, 13 States lowered average employer contribution rates during the fiscal year to less than 1 percent of taxable pay roll.

Not only is such a lowering of contribution rates questionable fiscal practice during times when employers can best afford to contribute, but it also is resulting in large discrepancies among the States in their rate structures. Average contribution rates ranged from a low of 0.3 percent to 2.7 percent in the fiscal year 1948. Individual employer contribution rates ranged from zero to a possible high of 4.0 percent. Such unrestricted setting of contribution rates by the States has largely destroyed one of the original purposes of the unemployment insurance provisions of the Social Security Act, namely, to equalize competitive costs of unemployment insurance among the States through a uniform Federal unemployment tax. The differences in competitive costs among the States could be reduced if the Federal provision required at least a minimum contribution to State funds.

Such changes should go a long way toward putting the financing of the program on a sound basis.

At a minimum the Social Security Administration recommends that immediate action be taken to amend the additional-credit provisions of the Federal act to make possible the granting to new employers of a uniform rate lower than 2.7 percent, until they had accumulated enough experience to be rated on an individual basis. Such a device would at least lessen the present discrimination against newly subject employers and would remove a major obstacle to extension of coverage.

The administrative difficulties discussed above, which are inherent in the present tax-offset system, could be solved to a considerable extent if a system of Federal grants to States to cover both benefit and administrative costs were substituted for the present financing provisions.

Under such a plan the Federal Government would impose a Nation-wide uniform levy, without any offset, under the Federal Unemployment Tax Act. From the proceeds of that tax it would grant to each State half the total cost of its program—both benefit disbursements and administrative expenses. The State would be responsible for the other half, which it could finance by whatever method it preferred. In view of the size of the State reserves in the unemployment trust fund, however, the Social Security Administration believes that each State should finance and improve its system out of its reserve fund until the reserve fund is reduced to half the amount of the reserve at the time the change in the taxing provisions went into effect. Until that level has been reached, Federal matching grants should not become available. Such an arrangement would not penalize a State with a relatively large fund, since the level at which Federal sharing began would be directly related to the size of the State's reserve when the law was enacted. Until Federal grants became payable, all proceeds from the Federal tax would be deposited in a Federal reserve fund as a contingency reserve against future emergencies.

Such a grant-in-aid plan would not eliminate the present wide variations in the contribution rates payable by employers, but it would tend to lessen the range of variation. It would also provide an element of reinsurance, since the State that experienced considerable unemployment would receive relatively more in Federal funds than a State that did not. It would simplify employer reporting somewhat and would do away with duplicate taxation now possible under the tax-offset provisions. States would have greater flexibility than at present in financing benefit costs and, since the Federal Government assumes a share of future liability, the stability of the whole system would be improved.

All unemployment insurance laws must have adequate provisions for the payment of benefits if they are to serve the Nation effectively as a first line of defense against the effects of widespread unemployment. Therefore, if reliance continues to be placed in a Federal-State system, the Social Security Administration recommends the adoption of Federal minimum standards applicable to the potential duration of benefits, to the proportion of wage loss to be compensated, including provision for dependents, and to eligibility and disqualification provisions. Such standards could go a long way toward assuring adequate benefits throughout the country. Federal benefit standards, coupled with a reinsurance fund, would also enable the individual State systems to provide adequate benefits without the fear of having to meet burdensome costs in an emergency. Benefit standards and reinsurance can be incorporated under either a tax-offset system or a grant-in-aid plan.

Financing Administrative Costs

The provision for 100-percent Federal financing of State administrative costs is unique in the history of Federal grant-in-aid programs in this country. It sprang from the recognition by Congress that unemployment was a national problem and that adequate administrative funds were needed in every State, large and small, industrial or agricultural, if the State unemployment insurance programs, in combination, were to function as a Nation-wide program. The persons who participated in the drafting of the original Social Security Act were aware of the inadequacies in the financing of administrative expenses under State workmen's compensation programs. To assure more adequate financing of the administration of the employment security program, they recommended that there be Federal financing of administrative expenses. Moreover, provision for 100-percent Federal financing of State administrative costs gave assurance that States would have the funds necessary to comply with requirements laid down in the Federal statutes and, therefore, assurance that the national interest in the program would be preserved. By and large, the irritations and difficulties that have arisen over administrative financing have not been concerned with the Federal requirements in title III but with the details of the budgetary process which exist in large part under any well-supervised system of budgetary controls—Federal or State, public or private.

The Social Security Administration has been concerned with the fact that 100-percent Federal financing does not create sufficient State interest in economical administration. Moreover, both the Federal administrative agencies and the State agencies have found that

existing Federal budgetary procedures requiring frequent deficiency appropriations are not flexible enough for a program as sensitive to changes in economic conditions as the unemployment insurance program, and do not provide State agencies with funds in sufficient time to staff adequately for their needs. The States have felt, too, that Congress has not appropriated sufficient funds for the operation of the program—particularly in view of the fact that the Federal Government has collected more from the 0.3-percent Federal tax than it has appropriated for administrative expenses—and that the Federal Government exercises too rigid control over the expenditure of those funds.

On the other hand, the existing provision has permitted the State systems a more adequate administration than many other purely State functions have been able to achieve. During the fiscal years 1938–47, State administrative costs of the employment service and unemployment insurance programs have amounted to 0.2 percent of taxable pay rolls, 8 percent of contributions, and 21 percent of benefits. The present provision has also ensured a degree of minimum uniformity of administration among the States that is essential to a Federal-State program and that would not have been possible had each State legislature appropriated funds for its own operation. Most State officials agree on the need for maintaining the national interest in adequate financing of the State programs, which can be achieved only through equitable distribution by the Federal Government of funds made available by Congress for the 51 agencies.

Although the 0.3-percent Federal tax collected by the Federal Government has generally been considered the source for financing the administrative costs of the unemployment insurance program and those costs of the employment service necessary for the proper and efficient administration of unemployment insurance, the proceeds of the tax have gone into, and the administrative costs have in fact been met from, the general funds of the Treasury. This procedure differs from that established by Congress for financing the administrative costs of the railroad retirement, railroad unemployment insurance, and old-age and survivors insurance programs. Moreover, each year since the beginning of the program, tax collections have far exceeded appropriations for administrative expenses of the employment security program—employment service and unemployment insurance. This has occurred because taxable wages and employment rose throughout the period and claims loads and benefit payments were extremely low through much of it. It is estimated that since the beginning of the program in 1936 the Federal Government has collected about \$500 million more than it spent for the administrative expenses of the employment service and unemployment insurance.

Recognizing the Nation's concern for the solvency of State funds, Congress in 1944 provided for depositing the excess of tax collections over unemployment insurance expenses in a Federal unemployment account earmarked for use by the States when their trust funds faced insolvency. There has been no appropriation to that account, however, because the State funds have not needed any financial aid. This provision should be amended so that the proceeds of the Federal unemployment tax, instead of merely the excess as now provided, are earmarked for employment service and unemployment insurance purposes in the Federal unemployment account. Such earmarking would give Congress a benchmark in appropriating funds for the operation of the program. In addition, the Social Security Administration recommends that in appropriating funds Congress provide both a normal and a contingency appropriation, the latter to be made available to the States only when unforeseen emergencies arise. Such a contingency appropriation would eliminate the need for frequent deficiency appropriations, a procedure which makes it difficult for States to plan adequately for their staff requirements.

The surplus of Federal tax collections over expenditures, which has been built up over the years, may not be any indication of future relationships, however, for a sharp decrease in taxable pay rolls may cut Federal collections at just the time when State agencies will be faced with a heavy claims load. Therefore, it would seem wise to provide that any surplus of Federal tax collections over administrative expenditures available in any year can be used for administrative expenses in a year when tax revenues are low, as well as for advances to the States when their funds face insolvency.

The Nation's Stake in Unemployment Insurance

The unemployment insurance system has been in full operation in all States for a decade. When it began, about 9 million persons had been unemployed for some time and were outside the system. Since then, economic conditions have for the most part been on the upgrade. After 1941, the defense and the war programs kept unemployment below what had been considered the irreducible minimum for a country of the size of the United States. During the reconversion period, millions of individuals changed from wartime to peacetime jobs and millions of veterans were absorbed into peacetime pursuits without as much unemployment of serious or prolonged proportions as had been expected. In June 1948, with a total civilian labor force of 63.5 million, only 2.2 million persons, or 3.4 percent of the labor force, were unemployed. Most of the unemployed are now protected during their periods of unemployment through provision for unemployment insurance.

The program has already made an important contribution to the economic security of the Nation. Together with the employment service it helps workers obtain suitable employment and assures them that, if they are laid off or quit their jobs for good cause and if no suitable jobs are available, they will have a measure of support during their search for work. During the defense program and the war years the program prevented the dispersion of the labor force and helped assure its availability when and where it was needed, by compensating individuals who were unemployed because of shortages of war materials and curtailment of peacetime operations. When large-scale lay-offs from war-production industries occurred immediately after the Japanese surrender, the program helped to compensate for the loss of earnings of workers who had contributed to the war effort. When the country began to reconvert to peacetime production, the availability of benefits eased the transition and helped in the orderly reconversion of the labor force. More recently the program has continued to compensate for the seasonal and frictional unemployment that is inevitable in our free enterprise system.

It must be remembered that even in a period of high-level employment, such as we have today and hope to maintain, many people lose their jobs and do not immediately find others. Seasonal and technological factors, material shortages, and all the frictions of modern industry bring interruptions in work to many individuals who want to be employed. These temporary shut-downs may last a few days or many weeks. They are not the fault of the employer and certainly beyond the control of the workers. The initiative and urge to improve production methods and invent new products that are inherent in the economic system in which we believe mean changes in staffing and shifts in and out of employment. If unemployment insurance were not available to eligible workers during their periods of unemployment, they would be without income until production started up again or new jobs were available. When living costs are high, as they are today, there is very little margin between what an individual earns and what he spends for the essentials of life. Although unemployment benefits replace only a proportion of the wages an individual receives when he is employed, they go a long way toward meeting his food bills and keep him from going into debt for some nondeferrable expenditures. The company forced to curtail operations or shut down temporarily can be assured of workers when operations are resumed, and the company entering business can draw from a labor force that has had a chance to look around and is satisfied that it has taken the best available job.

Moreover, even today unemployment is not brief for all persons. Many find that their age, sex, limited work experience, or insufficient

skills in the face of more stringent hiring requirements bar them from speedy reemployment. Even the younger and highly skilled workers who are laid off do not find new jobs immediately. During the fiscal year 1948, about \$753 million was spent in benefits to 3.8 million persons, which represented about 1.0 percent of taxable pay rolls. Although these figures are high, they are low in relation to the record number of persons insured under the program. At the close of the fiscal year, 847,000 persons were receiving benefits weekly, or only 2.3 percent of the 37 million workers insured under the program.

The existing Federal-State system of unemployment insurance was effective in speeding the enactment of State unemployment insurance laws, and within the system some progress has been made by the States in expanding coverage and increasing the adequacy of their benefits. There is no doubt that unemployment insurance has already become a vital institution in our economic life. With the consolidation of the unemployment insurance and employment service functions, the combined program is better organized to make effective the Nation's stake in employment security. For only by seeing that unemployed workers are placed in suitable jobs or, when there are no such jobs, by paying them benefits can the program make its maximum contribution to the maintenance of a high level of employment in the Nation. But continuous attention must be given to improving the employment security program and its relation to other measures to provide security to individuals exposed to the economic hazards of living. The Social Security Administration still believes that the soundest way of providing protection to workers is through a coordinated national program that covers the major economic risks to which the worker is exposed during his lifetime.

It is important that any changes that are made in the program reflect the national interest in the problems of unemployment and the methods used to alleviate these problems. In a world where the maintenance of a high level of employment not only is vital to the economic well-being of a country but also affects the well-being of the peoples throughout the world, the development of the employment security program must keep step with economic, social, and political developments if it is to maintain and increase its effectiveness. This national interest may be expressed in many different organizational patterns and employ many different administrative tools. If the employment security program is to be effective, however, the national interest must always be concerned with a number of problems: the availability of a Nation-wide system of public employment offices throughout the country, where workers come to seek suitable jobs and employers to obtain labor; coverage of the wage-earning population

against the loss of earnings due to unemployment; the payment of benefits as a right, adequate to represent a substantial proportion of wage loss but sufficiently lower than full-time wages to provide an inducement to work; benefits payable for a sufficiently long and uniform period to all the unemployed who are eligible for such benefits to permit major reliance on the provision in periods of high-level employment and in the early downswing of a major depression; assuring the collection of contributions sufficient to meet benefit obligations; using such methods of financing as will gear into national antideflationary and antiinflationary policies; compensating individuals who are unemployed regardless of the fault of the employer and, when the individual has quit his job voluntarily and without good cause, limiting the disqualification from benefits to the spell of unemployment resulting from such a voluntary act; withholding benefits for failure to accept a job only if such a limitation does not undermine labor standards and gives the individual time to use his traditional right to move ahead in the world, but at the same time assuring that malingering does not occur and that the program encourages the worker to take available and generally acceptable jobs.

There is also a national interest in adequate administration of the program so that the tools are available with which to make effective the Nation's concern with the program. Among these tools are provision for sufficient funds to finance the administration of the program throughout the country under economically sound fiscal practices, and assurance that taxes are collected from contributors when and in the amounts due, that benefits are paid promptly to those entitled to them and only to them under conditions which protect the rights and traditions of the individual in our society, and that funds are safely invested for the future beneficiaries in accordance with sound national fiscal policies.

Such national interests can be maintained only when the Federal Government has a direct administrative concern with the program and has responsibility for advising Congress of progress so that its responsibilities can be modified as the Nation's needs dictate. The maintenance of a high level of employment in this country is not only the major domestic problem for us in the years ahead but also of equal concern to the people of the world who believe in democracy and freedom. An effective and adequate program of employment security, embracing both unemployment insurance and the employment service, is one of the Nation's bulwarks against economic insecurity.

Public Assistance

Twice in the fiscal year 1948 the pressures of rising living costs and rising case loads led Congress to enact legislation affecting the extent of Federal financial participation in old-age assistance, aid to dependent children, and aid to the blind.

In August 1947 the temporary legislation enacted in July 1946 for the period October 1946–December 1947 was extended through June 1950 by the Social Security Act Amendments of 1947 (Public Law 379). Those temporary provisions—under which the public assistance programs operated throughout 1947–48—provided more liberal Federal sharing in the cost of the programs than had previously existed. For assistance to the aged and blind the maximum on the amount of individual monthly payments in which the Federal Government would share was \$45. In aid to dependent children the maximum for Federal participation was \$24 a month for one child in a family and \$15 for each additional child beyond the first. Within the maximum, the Federal share of payments of old-age assistance and aid to the blind was two-thirds of the first \$15 of the average monthly payment per recipient and one-half the remainder. In aid to dependent children the Federal share was two-thirds of the first \$9 of the average payment per child, plus one-half the balance up to the maximums. The temporary amendments also changed the basis for matching administrative expenses in old-age assistance, so that the Federal share of expenses for proper and efficient administration became one-half in all three programs.

In June 1948, the maximums limiting the amounts of individual assistance payments subject to Federal participation were again raised (Public Law 642) and the Federal share of payments within the maximums was increased. Fifty-fifty matching of expenses for administration was continued. Under the 1948 amendments, which will become effective in October 1948, the maximums for old-age assistance and aid to the blind will be \$50. For aid to dependent children, the maximum for the first child in the family will be \$27 and for successive children, \$18. Within the limits on individual payments, the Federal share of expenditures for assistance to the aged and blind will be three-fourths of the first \$20 of the average payment per recipient, plus one-half the balance, and for aid to dependent children, three-fourths of the first \$12 of the average payment per child plus one-half the balance.

During the fiscal year the Advisory Council on Social Security, appointed by the Senate Finance Committee to advise it on social security legislation, considered the need for changes in the assistance provisions of the Social Security Act. The Council's report on public

assistance will be transmitted to the Committee after the close of the fiscal year.

PUBLIC ASSISTANCE IN 1947-48

Administrative Emphasis on Program Objectives

Throughout the fiscal year, both the State public assistance agencies and the Bureau of Public Assistance concentrated attention on steps that would enable States to achieve more fully the objectives of the programs as expressed in the Social Security Act. In the preceding year, at the time the 1946 amendments were enacted, the Social Security Administration and the administrators of State public assistance agencies discussed and generally agreed upon certain goals that should be attained. Among these goals were the assurance of equal opportunity throughout a State for individuals to apply for and, if eligible, to receive assistance; prompt disposition of applications and prompt provision of aid for those found eligible; and determination of eligibility and of the amount of assistance on the basis of objective, State-wide standards uniformly applied. The additional Federal funds provided under the 1946 amendments for assistance, and in some States for administration as well, enabled many agencies to improve policies and procedures in order that need might be met more adequately and equitably.

During the year the administrator in each State was asked to report to the Bureau on the situation in his State, indicating the progress made in reaching the agreed-upon objectives, the problems still unsolved, and the amount of time needed to work out their solution.

The reports indicate that very substantial improvements have been made since the 1946 amendments became operative and that further forward steps are being taken. Advances are evident in revised plan material submitted by the States, in findings from the administrative review, and in statistical and other data on agency operations.

Despite the marked advances, much still remains to be accomplished. Some States, for example, still call for unnecessarily detailed information on the application form, or for supporting evidence of eligibility at the time of application. As a result, persons who are needy and eligible are hampered in filing their applications promptly or letting the agency know the facts concerning their eligibility and need. Another effect of the requirements is that persons who are uninformed concerning the administration of assistance and their right to assistance are discouraged from completing an application for assistance or appealing a decision in which they do not concur. Some agencies do not have sufficient personnel to interview applicants promptly. In many States, fiscal procedures or procedures for county board action

result in delays in making assistance available to persons whose eligibility has been determined.

Many State agencies have not established cost figures at current prices for such items as food, shelter, clothing, fuel, household operation, and personal care. Moreover, despite the requirement in the Federal act that a State plan shall be in effect in all localities, many State agencies allow local agencies to decide whether to include certain items—such, for example, as medical care, special diets, expenses of school attendance, or care in institutions or nursing or boarding homes—for persons who have special needs. In some States where funds are insufficient to meet need in full, the method of reducing the payment varies from county to county. Policies and procedures for making hearings available and for conducting them are not always effective.

To remedy some of the practices that result in inequities in the administration of public assistance, further changes in some State laws and plans will be necessary. The 1948 amendments making additional Federal funds available to States in October 1948 will be instrumental in removing barriers to sound administration that prevent equality of treatment of needy persons in all parts of the State.

In its review of State legislative provisions in advance of the 1949 State legislative sessions, the Bureau of Public Assistance will re-emphasize the importance of eliminating or strengthening provisions in State laws that affect the State agency's ability to comply fully with the intent of the Social Security Act. Some of the provisions requiring change relate to methods of financing the programs, especially in States where the localities share some of the cost. In some States in which the State agency supervises the administration of assistance by local agencies, changes in State laws are needed to make more specific the authority of the State agency to establish and maintain State-wide standards. Although all State plans indicate that such authority exists, some agencies in States with a long tradition of local autonomy have not yet accepted full responsibility for seeing that standards and administration are uniform in all local subdivisions.

Program Developments in 1947-48

Grants for old-age assistance were made during the fiscal year to all jurisdictions included under the assistance provisions of the Social Security Act—the 48 States, the District of Columbia, Alaska, and Hawaii. All these jurisdictions except Nevada, which has a small mother's aid program financed from local funds, received grants for aid to dependent children. Grants for aid to the blind were made to 47 jurisdictions. Missouri, Nevada, and Pennsylvania administer blind pension programs outside the Social Security Act; Alaska has

no program for the needy blind. All States administered some general assistance, financed from State or local funds or a combination of the two. In addition, small amounts of civilian war assistance were made available by 31 State public assistance agencies acting for the Federal Government.

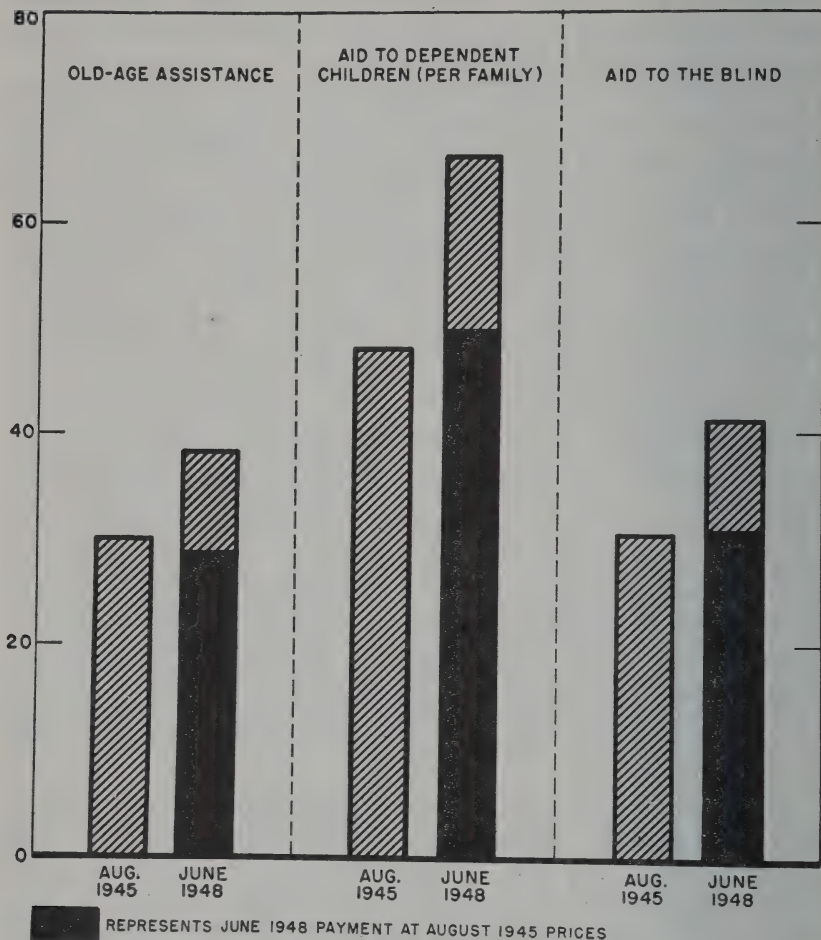
Two general trends continued during the year. In the programs for the special types of public assistance, both case loads and payments continued upward. In general assistance, fluctuations occurred, although both cases and payments were at higher levels at the end of the year than at the beginning. Since VJ-day the number of needy persons in the Nation and the amounts of assistance they receive have been increasing. Part of the increase in case loads may be attributed to growth in population, but the adjustments from war to peace are primarily responsible. During the war years, case loads in all programs declined substantially as employers, faced with acute labor shortages, gave work at attractive wages to persons formerly considered unemployable. Moreover, many families receiving dependents' allowances from men in the armed forces or enjoying relatively high income from earnings were able to be independent when otherwise they would have required public aid. With the termination of allowances to the dependents of servicemen, the forced withdrawal from the labor pool of workers handicapped by age and disability, the cessation of overtime pay, and the continued decline in the purchasing power of the dollar, increasing numbers of persons had no recourse but to apply for public assistance. The consequences of hasty war marriages and the disintegrating effects of housing shortages on family life likewise are reflected in the rise in the number of dependent children.

The continued upswing in consumer prices has worked hardship for all groups in the population, but the effects have been most acute among persons with very small incomes. The 1946 amendments helped States to raise their payments to take account of higher living costs, and the 1948 amendments will make possible further increases in assistance payments. Although the average payments for the Nation about kept pace with the increase in cost of living, recipients in many States were able to buy less in goods and services in 1947-48 than at the war's end. Even with the serious efforts to develop adequate standards, the amounts of assistance and other income available to recipients in many States bear little relation to what it costs to live at a minimum standard of health and decency.

In June 1948, about 4.4 million persons in the Nation were receiving public aid. Of these, 3.6 million were being aided under the Social Security Act. This does not include parents or relatives caring for the child in aid to dependent children cases or some wives of recipients

Chart 11.—Average public assistance payment in August 1945 and June 1948, and June 1948 payment in terms of August 1945 prices, by program

DOLLARS



of old-age assistance and aid to the blind who benefited from the assistance payments. Expenditures for all types of public assistance in the fiscal year amounted to \$1.6 billion, of which \$680 million was from Federal funds and \$905 million from State and local funds.

Recipients and Their Payments

Old-age assistance.—Nearly 2.4 million persons 65 years of age and over were receiving old-age assistance in June 1948. The increase from June 1947 in the number of aged recipients was 4 percent.

About 335,000 more persons were being aided in June 1948 than in August 1945, when the wartime low in recipient rolls was reached.

At the end of the fiscal year, old-age assistance was given to 216 persons per 1,000 aged persons in the country as a whole as compared with 213 per 1,000 at the end of the preceding fiscal year. In seven jurisdictions—Connecticut, Delaware, the District of Columbia, Maryland, New Jersey, New York, and Virginia—fewer than 100 aged persons per 1,000 in the population were receiving assistance. Oklahoma, at the other extreme, assisted 581 aged persons per 1,000 in the State, and Alabama, Arkansas, Colorado, Georgia, Louisiana, and Texas had rates of more than 400 per 1,000.

Although differences in economic conditions and in the extent of protection afforded aged persons by the program of old-age and survivors insurance and other retirement provisions explain much of the variation among the States in the relative numbers of aged persons receiving old-age assistance, differences in State attitudes toward meeting the needs of old people also are significant.

Reports from the States indicate that, even though social insurance is intended to keep people from becoming needy, some insurance beneficiaries must request assistance to eke out their small incomes. In June 1948, 10 percent of all aged beneficiaries in the Nation were also receiving assistance; of all recipients of assistance, about 6 percent were getting insurance benefits. In California, Connecticut, Massachusetts, Nevada, Oregon, Rhode Island, and Washington, about 1 recipient in 10 was receiving old-age and survivors insurance concurrently with old-age assistance.

In June 1948 the Nation-wide average payment of old-age assistance was \$38. In Colorado the average was about \$64, in California and Washington \$57, and in Massachusetts \$55. In contrast, payments averaged less than \$20 monthly in Alabama, Arkansas, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Virginia.

The level of payments rose in all but 10 States during the fiscal year. From June 1947 to June 1948 the average payment increased \$2.14 in the country as a whole. In nine States, averages rose more than \$4. In Minnesota, the increase was nearly \$7. States in which average payments were lower than a year earlier were Arkansas, Colorado, Hawaii, Louisiana, Maine, Mississippi, Nebraska, New Mexico, and South Carolina. In nearly all these States, increases in the number of recipients forced the agency to lower its payments.

In the country as a whole in October 1947, the latest month for which data are available on the distribution of payments by size, 68 percent of all payments were less than \$45, the maximum amount subject to Federal financial participation. Nine percent of the payments were for \$45 and 23 percent for larger amounts. Some pay-

ments in excess of \$45 were made in 32 States. In Colorado and California, more than 9 payments in 10 exceeded \$45. Delaware, Kentucky, Maine, Mississippi, Missouri, and South Carolina, on the other hand, made no payments as high as \$45.

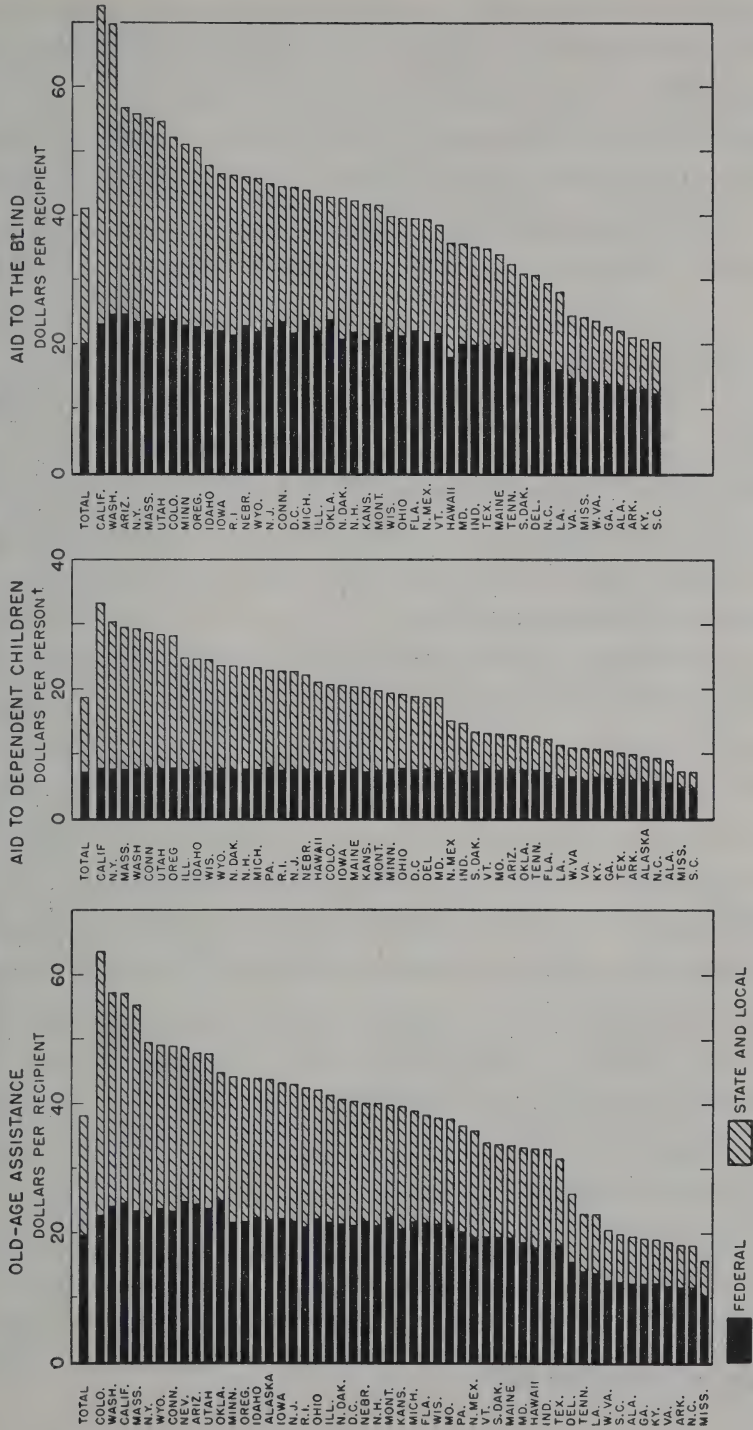
Aid to dependent children.—Nearly 1,150,000 children in 450,000 families were receiving aid to dependent children at the end of the 1948 fiscal year. Both these figures represented an increase from June of about 13 percent. Since late in 1944, when the wartime low point was reached, the number of families aided has increased by about 200,000 and the number of children by about 500,000. A rise in case loads was general throughout the country during the fiscal year. The increase was more than one-fourth in 10 States. In Florida, Hawaii, California, Kentucky, and Delaware, the number of families increased by approximately one-half. Only in Alaska, the District of Columbia, Illinois, North Dakota, Oklahoma, and South Dakota were fewer families assisted than in the preceding year. Oklahoma's decline amounted to 15 percent.

At the end of the fiscal year, 25 children per 1,000 in the total population under 18 years of age were benefiting from aid to dependent children. Oklahoma's rate of 73 was almost three times the national rate; both Florida and New Mexico had rates more than twice the national rate. Nevada, which has never requested Federal grants for aid to dependent children, provided financial help to only 3 children per 1,000 in the State.

Some of the variation in the recipient rates undoubtedly arose from differences among the States in the number of children receiving monthly benefits under old-age and survivors insurance. In States with relatively small concentrations of industrial and commercial workers, more children who lack support because of the death of a parent must depend on assistance. In six States in December 1947 more children were receiving survivor insurance benefits than assistance payments. In 26 States, on the other hand, children receiving assistance outnumbered children receiving insurance benefits by more than two to one. Because the monthly insurance benefits and other income of beneficiary families was insufficient to meet their needs as determined by assistance standards, some children receiving benefits also were getting aid to dependent children.

The average assistance payment in June 1948 was \$66 per family and \$19 per person, including only the dependent children and one adult in a family. In two States—California and New York—payments per person averaged more than \$30. In sharp contrast, in Alabama, Alaska, Arkansas, Mississippi, North Carolina, and South Carolina payments per person averaged less than \$10 a month.

Chart 12.—Average assistance payment, by State and source of funds, June 1948



†Recipients represent children plus 1 adult per family.

Most States during the fiscal year increased their payments to families with dependent children in an attempt to keep pace with rising living costs. In June 1948, average payments per family were \$4.53 higher than in June 1947; the increase per person was \$1.27. Even in the face of mounting prices the average payment per person declined in 12 States. In most of these States the number of children on the rolls had mounted over the year. In six States the declines in average payment per person ranged from \$1 to more than \$3. In contrast, the amount of assistance rose more than \$3 per person in nine other States. Maryland, which discontinued the practice of general assistance supplementation, provided \$6 more per person, and Iowa almost \$11 more.

More than two-thirds of the States in October 1947 made some payments in excess of the maximums limiting Federal financial participation. Of all payments, one-half exceeded the amounts in which the Federal Government can share, one-sixth were at the maximums, and only one-third were below the maximums. In six States—California, Delaware, Massachusetts, New York, Oregon, and Washington—more than 9 payments in 10 were larger than the maximum amounts subject to Federal participation.

Aid to the blind.—In June 1948, in 47 States administering programs under the Social Security Act, 65,800 persons were receiving aid to the blind. In Missouri, Nevada, and Pennsylvania, 17,500 blind persons were getting pensions paid entirely from State funds.

In States receiving Federal funds for aid to the blind, the number of recipients varied, according to rough estimates, from fewer than 10 per 100 blind persons in the population to 69 per 100. One important factor accounting for wide differences in the rates is the variation in State practices for assisting blind persons who are aged. In some States, most of the aged blind persons in need receive old-age assistance; other States assist many such persons through aid to the blind.

From June 1947 to June 1948 the number of recipients of aid to the blind in States receiving Federal grants increased 6 percent. In 10 States, however, fewer blind persons were assisted. In Kansas, the rolls declined more than one-fifth. On the other hand, in 12 States the number aided rose one-tenth or more. In New Mexico, the number of recipients increased by two-fifths.

The average payment per recipient at the end of the fiscal year was \$41 in the States receiving Federal funds. The range in average payments was from \$20 in South Carolina to \$73 in California. In 10 low-income States, blind persons received less than \$30 a month, on the average, and in nine States, most of which have relatively large resources, more than \$50.

Payments increased in most States during the year. In the 47 States with State-Federal programs the average payment was \$3.31 higher in June 1948 than in the preceding June. Nevertheless, in nine States the average payment dropped. In Wyoming the decline was more than \$6. In California, Colorado, Minnesota, Tennessee, Utah, and Washington, the average payment rose \$6 to \$10.

Some payments in excess of the \$45 Federal maximum were made by 29 jurisdictions. More than 90 percent of California's payments were above \$45. About one-tenth of the payments in the 47 States were for \$45 and about two-thirds were under \$45.

General assistance.—In June 1948, about 366,000 cases were receiving general assistance, which is supported wholly from State and local funds. The number of persons included in these cases was estimated to be about 780,000. In 44 States reporting the specific information, the number of persons assisted was 560 per 100,000 persons in the civilian population. The general assistance programs are very unevenly developed, and the number of persons aided in June ranged from only 37 per 100,000 in Mississippi to 958 in New York and 1,134 in Michigan.

From June 1947 to June 1948 the total number of general assistance cases increased 9 percent. Although the trend in the general assistance load was generally upward in all States, the load lessened in 15. In Maryland the number declined nearly a half as the result of a change in policy under which the need of families with dependent children was met entirely from funds for aid to dependent children, making supplementation from general assistance funds unnecessary. In South Dakota and West Virginia the case load declined by more than one-fifth. Increases, on the other hand, amounted to more than one-fourth in Alabama, California, Maine, Michigan, Ohio, and Washington.

The average payment per case was \$43 in June. In New Jersey, New York, Oregon, Utah, and Washington, the averages ranged from \$50 to \$65. In Arkansas, Mississippi, North Carolina, Tennessee, and West Virginia, on the other hand, cases received less than \$15 a month on the average.

Payments of general assistance, like those in the other three programs, increased in 1947-48. At the end of the fiscal year, average payments per case were \$4.02 higher than a year earlier in the country as a whole. In 10 States average payments declined. In Arizona the decline was \$2.44 per case and in the District of Columbia, \$3.13. In seven States the increase ranged from \$4 to \$7; in Alaska, Michigan, Missouri, Pennsylvania, and Washington it was more than \$9.

Civilian war assistance.—The emergency program of civilian war assistance, established during the war and administered for the Federal

Government by State public assistance agencies, was terminated on June 30, 1948. In the preceding November because of curtailment of funds, the scope of the program was redefined and limited primarily to pier service, reception service, assistance in transportation, and temporary maintenance not to exceed 3 days for needy repatriates arriving at port cities. In addition, some assistance covering transportation was provided to persons who had been evacuated from the Philippines or Hawaii during the war and who applied before October 1, 1947, for return to these islands. Needy persons awaiting return to the Philippines or Hawaii received transportation to San Francisco and maintenance there for at least a week. Temporary hospitalization and out-patient care was continued for repatriates and evacuees when such care had been authorized before November 1, 1947. After that month, practically all the service and assistance provided was to repatriates debarking at New York. In November the Travelers Aid Society of New York City took over the responsibility for the program in that area, after the New York State Department of Social Welfare canceled its agreement with the Federal Security Agency.

In August 1947, the peak month for expenditures during the fiscal year, assistance amounting to about \$104,000 was given to needy persons in about 700 cases. Service was provided in that month to 240 additional cases not receiving material aid.

According to estimates of the Department of State, at least 25,000 American citizens now abroad wish repatriation, of whom about 12,000 are likely to return to the United States before July 1949. Repatriates in need of help will have to turn to private organizations or State or local public welfare agencies, since Federal funds are no longer available for this purpose. Federal legislation, we believe, is needed to assure proper provision for all repatriates who are in need.

Financing Public Assistance

In the fiscal year 1948, expenditures for old-age assistance, aid to dependent children, aid to the blind, and general assistance, including both assistance payments and administration, amounted to \$1.7 billion. Of this sum, \$1.5 billion was for the three special types of assistance, financed in part with Federal funds, and \$212 million was for general assistance, which is entirely a State and local responsibility.

In the fiscal year, the only full year of operation under the 1946 amendments, the Federal share of expenditures for assistance payments in States receiving Federal funds was 52.0 percent in old-age assistance, 38.6 percent in aid to dependent children, and 49.4 percent in aid to the blind. The Federal share of expenditures for adminis-

tration of the public assistance programs was one-half, or approximately one-half, in all States.

The provisions in effect governing Federal participation in assistance payments made it possible for the State to use Federal funds for as much as two-thirds of the cost only if no individual payments exceeded the Federal maximums and if the average payment was no more than \$15 per recipient in old-age assistance and aid to the blind, and no more than \$9 per child in aid to dependent children.

No State received as much as two-thirds in Federal funds for assistance payments in any program in 1947-48. The Federal share of assistance costs was 60 percent or more, however, in 12 States for old-age assistance, in eight States for aid to the blind, and in eight States for aid to dependent children. Eight States with unusually high levels of payments of old-age assistance met less than half the cost from Federal funds. In aid to the blind, the Federal share was less than one-half in 15 States. Because of the less liberal provisions affecting Federal participation in expenditures for aid to dependent children, the Federal share of such assistance costs was less than 50 percent in 30 States. In seven States—California, Connecticut, Massachusetts, New York, Oregon, Utah, and Washington—the Federal Government bore only 20-30 percent of the cost.

The Social Security Administration certified grants for approved State public assistance plans totaling \$718 million in the fiscal year. Grants for old-age assistance amounted to \$562 million, for aid to dependent children to \$140 million, and for aid to the blind to \$16 million. The grants provided funds for both assistance and administration.

In addition, \$422,000 was paid to the States for civilian war assistance from funds advanced or reimbursed by the Social Security Administration.

Other Administrative Developments

Consultation and technical service to States.—Throughout the year, the lack of sufficient travel funds greatly handicapped the Bureau in providing service to the States on administrative problems and on the substantive aspects of the assistance programs. Many requests from State public assistance agencies for consultation could not be met, but within the limitations of the appropriation the Bureau's regional and departmental staffs, on request, gave specialized consultation on many phases of administration and program development.

To assist States in improving the work of the agency, consultation on training methods for staff was provided and training materials were issued to State agencies. In December 1947, State and local public assistance agencies employed about 47,000 persons, the highest

number since 1942, when the Bureau first compiled such information. Turn-over of staff continued to be high. In the first half of the fiscal year, for every 100 employees on the pay rolls there were nearly 18 accessions and 17 separations. At the end of 1947, 3,100 positions were vacant. Although vacancy rates are lower than in the war years, the relatively low salaries paid by many agencies still make the recruitment and retention of experienced personnel difficult. State agencies have continued to put emphasis on initial orientation programs and to provide special supervision throughout the orientation period. Efforts have been redoubled to prepare supervisory groups for training responsibilities when there are large numbers of new and inexperienced staff members.

To improve the competence of staff, State agencies have developed comprehensive plans covering a wide range of training methods. In addition to the emphasis on supervision, the plans include institutes and other types of study groups, development of library resources accompanied by selective reading lists, and provision for educational leave. Within this established structure for staff development it is possible now to focus increasingly on the content of knowledge and skill required for effective job performance. This focus is reflected in agency standards of performance now widely used to guide supervisors and workers in efforts to improve the quality of service. It is also reflected in study sessions held at regular intervals on a State-wide basis to develop supervisory abilities of both State and local staff. Services of the Bureau's training specialists are requested frequently, both in the development and in the conduct of these sessions.

The use of factual data on administration from many sources has been emphasized, in consultation with States, as a concrete basis for objective evaluation of their staff development programs and for planning new training activities. Consistent with this trend is the emphasis on teaching the supervisory process through experimental use of various types of case materials taken directly from agency practice.

The Bureau issued new standard-setting materials relating to applications for public assistance and completed for publication a monograph on *The Application Process in Public Assistance Administration*. As the outgrowth of 12 years of experience, new materials were also issued establishing criteria for evaluating the effectiveness of the hearing practices in State agencies and indicating the requirements for approval of State plan material on the hearing process. The statement of requirements spells out the characteristics of the procedures that will assure claimants the opportunity to obtain a fair hearing. The State agencies are increasingly accepting the basic concept of fair hearings in the administration of public assistance. Members of the

staff supplied technical service to States in reviewing and revising their policies and procedures with respect to both applications and hearings.

As a result of the Bureau's emphasis on the importance of objective policies for determining need and amount of assistance, many requests were received for technical advice on State policies governing the administration of the need provisions. Advice was also requested on the standards for the basic consumption items and for those items associated with specified circumstances, such as illness and blindness. Among the common consumption items are food, clothing, shelter, heat, water, light, household operations, and personal care. The agencies also sought help on the pricing of items, the development of cost figures, and methods of adjusting payments equitably when funds are inadequate to meet need in full. In addition, consultation was given on policies for considering and evaluating resources in cash and kind.

Increased costs of medical care have presented grave problems to many State agencies. In a few States, legislative changes or inadequacy of funds necessitated a reduction in the extent to which medical care was made available. On the other hand, some States were enabled, through the additional Federal funds and higher maximums, to make increased provision for medical care. In several States the data collected in the study on medical aspects of public assistance resulted in a review and analysis of existing policies and standards. Consultation was given in each of these types of situations.

Research consultants gave technical service to State agencies in methods of developing information relating to programs and administrative operations for use in policy development, program and legislative planning, and administrative action. To facilitate the collection of information economically and speedily, the Bureau advocates increased use of scientific sampling methods. The Bureau and a few States are now experimenting with the feasibility of maintaining permanent samples of case loads to make possible the collection of data with maximum speed and minimum cost.

Several regional conferences¹ were held in which staff members of State agencies and the regional and departmental staffs of the Bureau took an active part. Conferences on the administration of the need provisions were conducted in Regions VII and VIII. Region X held a conference to discuss policy material recently issued, including that on applications. In Region XI, a joint conference was held on public assistance and child welfare services, in which members of regional and departmental staffs of the Children's Bureau and the

¹ In the fiscal year 1949 the regional offices were reorganized. One office was abolished and the boundaries of certain regions changed. The numerical designations of the regional offices in 1947-48 differ from those subsequently in effect.

Bureau of Public Assistance participated and which was attended by members of the staffs of State agencies concerned with both programs.

The Bureau, through the regional staff, conducted its continuing review of administration in the States to assure the Federal Government that the requirements for continuing Federal financial participation under the Social Security Act are being met and that Federal funds are being claimed only for persons who are eligible for aid. Against the background of Federal requirements and State policy, the regional staff prepares periodic reports of findings on State administration obtained through the review of administration in selected counties and from available State data. The Bureau uses this information in advising States on measures to strengthen their administration, planning, and policy development. The Bureau believes that the administrative review, which supplies a concrete basis for evaluating operations, is a constructive tool in developing proper and efficient administration.

The services of a consultant on medical needs were made available on request of the Federal Security Administrator to assist in planning and carrying out the work of the Section on Chronic Disease and the Aging Process of the National Health Assembly, held in Washington on May 1-4, 1948. Because of the large amount of dependency in the Nation resulting from chronic disease and old age, the recommendations of this Section, which deal with many phases of the problem of chronic disease, will be of particular interest to the Bureau both in its program planning and in its consultation service on the provision of medical care for needy persons.

Inquiries.—With the curtailment of staff in the Office of the Commissioner at the end of the fiscal year 1947, responsibility for handling all inquiries relating to public assistance was lodged in the Bureau. In the past year, the Bureau handled approximately 8,000 inquiries from individuals, agencies, and members of Congress. Widespread concern about rising living costs has been reflected in the considerable volume of letters that asked for an increase in the assistance payment, for Federal pensions, and for personal loans. The widespread publicity given to the European Recovery Plan brought many pleas for more adequate assistance for needy persons in this country also. Many inquiries were received, as in previous years, concerning the operation of the public assistance programs under State plans.

Conference on services for the physically handicapped.—In November 1947, the Bureau of Public Assistance held a conference of persons representing various private and public agencies providing services to the physically handicapped, to discuss the welfare services needed by such persons, the services that should be given by public welfare

agencies, and the responsibility of departments of public welfare in community planning and in the development of services. The group stressed the importance to welfare agencies of organized information on community resources and on the procedures in effect for referring persons to the proper place for the information and help they are seeking. There was general agreement regarding the urgency of developing more adequate counseling, rehabilitative services, and general case-work service for recipients of public assistance and other persons in the community who need such help. The group discussed the necessity for staff development programs, so that personnel can provide more effective service, and also the desirability of using specialists in programs relating to particular groups, such as the blind. The effective coordination of all agencies and groups concerned with services for the handicapped was considered indispensable if handicapped persons are satisfactorily to be helped to achieve as full a measure as possible of independence and well-being.

Conference on sheltered care of the aged.—A conference of a small advisory group of persons representing agencies maintaining homes for the aged was held by the Bureau in June 1948. The purpose of the meeting was to strengthen working relationships in order that facilities for sheltered care may be made more readily available to recipients of public assistance. The group considered the desirability of national planning for comprehensive research regarding the aged, including services for income maintenance, welfare services, and community planning. The importance of a national coordinating and information service to supply data and consultation to individual agencies on standards of administration and services was also discussed. The advisory group asked the Bureau to continue to take responsibility for calling meetings and maintaining contacts until decisions can be reached concerning the type of national organization that might be established to promote joint planning and provide services.

National Conference on Family Life.—At the request of the Federal Security Administrator, the Bureau Director served as Chairman of the Inter-Agency Committee on Background Materials, in preparation for the National Conference on Family Life which was held in Washington in May 1948. The Committee compiled basic background materials on family and population statistics, the economics of family life, education, health, housing, legal status of the family, and income maintenance and social services for families. The Committee was able to draw on a wealth of information relating to these topics in various constituent agencies of the Federal Security Agency, the Departments of Agriculture, Commerce, and Labor, and the Housing

and Home Finance Agency. The materials are of fundamental importance in comprehensive planning for strengthening family life.

Public assistance for reservation Indians.—Ever since the programs began, the Bureau has been greatly concerned with the problem of making assistance available to needy Indians living on Federal reservations. The Social Security Act affords no basis for excluding such persons from the program. Furthermore, the State laws and State plans for operating the programs do not contain any provisions permitting discrimination against any group in the population. Nevertheless, during the year, Arizona and New Mexico took specific action affecting the provision of assistance to reservation Indians. Negotiations were carried on with these States and with the Bureau of Indian Affairs of the Department of the Interior in the effort to solve the particular problems involved. Congressional delegations in the two States participated actively in the deliberations.

Congress appropriated emergency funds for the relief of the Navajos and Hopis to be administered by the Bureau of Indian Affairs. These funds, plus limited amounts available for Indians living on other reservations, enabled the two State agencies and the Social Security Administration to reach an agreement whereby the State agencies would accept applications from reservation Indians, but the assistance payment, in an amount to be determined by the State agency, would be paid from the funds of the Bureau of Indian Affairs. Unfortunately, this plan did not work out as had been intended, because the funds soon proved insufficient to meet the need. Later, additional funds were provided, but these, again, will be sufficient for a limited period of time only.

In reporting the supplemental appropriation bill for the fiscal year 1949, the House Appropriations Committee said that the problem in Arizona and New Mexico should be permanently solved under existing substantive law as interpreted by the Social Security Administration. The Committee further directed that Federal and State funds must be used for reservation Indians as well as for other persons living in the States when the resources provided by special appropriation for distribution by the Bureau of Indian Affairs are no longer available.

International activities.—During the past year the Bureau has been called upon to assume increasing responsibility for participating in the formulation of the international social policy of the United States. The Director of the Bureau has continued to serve, on behalf of the Commissioner for Social Security, as acting chairman of the Subcommittee on Social Welfare of the Interdepartmental Committee on International Social Policy. This Subcommittee, during the last six months, approved thirty memoranda establishing the official positions to be taken on social welfare subjects by delegates of

the United States to organs of the United Nations and to international conferences. Many of these memoranda were prepared in the Bureau or in working groups in which members of the Bureau's staff participated.

The Department of State requested assistance in relation to overseas relief programs of the United States, including the loan of a Bureau staff member to the American Mission for Aid to Greece. Other agencies of Government and national voluntary agencies have requested the Bureau to provide consultation service or orientation for 12 of their staff members who had overseas assignments.

The Bureau has directed attention to plans for Bureau projects under the United States educational, scientific, and cultural cooperation program established by Public Law 402 of the Eightieth Congress. Approximately 70 trainees and foreign visitors, including officials of foreign governments and Fellows under United Nations and other auspices, visited the Bureau, which arranged for 21 of them to spend an extended period observing operations in social welfare agencies and schools of social work in this country. The Bureau has been asked to reply to or comment on various questionnaires and draft conventions on social welfare matters under consideration by the United Nations.

The Director of the Bureau is a member of a United States working group appointed by the United Nations to advise the Secretary-General on technical social welfare subjects. She was an official United States delegate to the International Conference of Social Work held in Atlantic City and New York City in April 1948. The Assistant Director served as a representative of the United States Government at the Ninth Pan American Child Congress in Caracas, Venezuela, in January.

Other activities.—A member of the staff of the Bureau served on the executive committee of the National Social Welfare Assembly, which is concerned with national coordination of public and private social welfare agencies and with national planning to meet particular social welfare needs.

IMPROVING PUBLIC ASSISTANCE AND DEVELOPING A COMPREHENSIVE PUBLIC WELFARE PROGRAM

Certain provisions of the Social Security Act governing Federal financial participation in assistance costs were amended in 1946 and again in 1948. The amendments have been and will continue to be of great value in assisting the States to aid larger numbers of needy persons, increase payments, and strengthen administration. The Social Security Administration advocates, however, additional

changes to enable States to develop more nearly balanced and comprehensive systems of public welfare, properly integrated with the social insurance systems.

The 1946 amendments have not succeeded in reducing the great variations among the States in levels of assistance payments, nor are the 1948 amendments designed to meet this important objective. In June 1948, in each of the three assistance programs under the Social Security Act, the highest State average payment was roughly four times the lowest.

The Administration believes that it would be desirable to modify the basis of financing public assistance and also to broaden the scope of the legislation to include grants-in-aid for assistance for needy persons not now covered by the act, for payments to vendors and to recipients for medical care, and for comprehensive welfare services.

The scope and character of Federal legislation for public assistance should be considered in relation to legislation for the broader social security system. The purpose of public assistance is to meet need. The role of social insurance is to provide protection for persons suffering the common hazards of wage loss because of old age, unemployment, disability, and death of a breadwinner so that they will not become needy. The more effective the insurance provisions, the less the need for assistance. Even in a well-developed contributory insurance system, however, there will always be some need for assistance for persons not covered by insurance programs or not entitled to insurance benefits and persons entitled to benefits but needing supplementary income.

The amendment of the public assistance provisions without the concurrent amendment of the provisions for old-age and survivors insurance has resulted in very disparate treatment of persons receiving social insurance benefits to which they have contributed and those getting assistance on the basis of need. The inadequacy of benefits paid under the insurance programs is necessitating an increasing amount of supplementation from assistance funds for persons receiving insurance benefits.

The public assistance programs must be viewed also as integral parts of the broader State programs of public welfare. With the help of Federal funds, great progress has been made in the development of the special types of public assistance and child welfare services. At the same time, progress in the development of other programs has lagged in many States. The States tend to appropriate their funds for the programs to which the Federal Government contributes. The provisions governing Federal financial participation in welfare programs should be such as to promote balance among the programs rather than uneven development as at present. To stimulate and

help the States in developing public welfare programs that are more comprehensive and balanced, the Social Security Administration therefore recommends the following legislative changes.

Financing Public Welfare

To enable the States to provide more nearly adequate assistance and services, the Social Security Administration believes that further changes are needed in the provisions of the Federal act that relate to Federal financial participation. The Administration advocates grants to States that vary with the States' economic capacity; Federal sharing in the cost of welfare services and administration on the same basis as in the costs of assistance; the apportionment by the States of Federal and State funds to localities in relation to their need for funds; and increase in the present Federal maximums for aid to dependent children.

Variable Federal grants.—The Social Security Administration believes that the provisions of the Social Security Act governing Federal participation in assistance costs, which have twice undergone revision in the past 2 years, need further modification, involving a basic change in the character of the formula used to determine the Federal share.

Under both the present provisions and those to go into effect in October 1948, the Federal share of assistance costs varies with the level of payments. Provided that no payments exceed the amounts of the Federal maximums, the Federal Government under present provisions puts up \$2 for \$1 of State funds if the average payment is no higher than \$15 in old-age assistance and aid to the blind or \$9 per child in aid to dependent children. Under the 1948 amendments the Federal Government will be able to put up \$3 of Federal funds for each \$1 of State funds if average monthly payments to the aged and the blind do not exceed \$20 and to dependent children, \$12 per child. As the averages increase beyond these levels—as they now do in all programs of aid to the blind, all but 8 programs of old-age assistance, and all but 11 programs of aid to dependent children—the Federal share of the excess over these amounts diminishes, under both the 1946 and 1948 amendments, to \$1 for each \$1 of State funds, within the Federal maximums on individual payments.

The present and prospective formulas for determining the Federal share of assistance costs thus put a premium on low payments. States can raise payments beyond minimum levels only by bearing a larger relative share of the cost. States with relatively small economic resources need greater help in making larger payments than they can get under the type of formula incorporated in the 1946 and 1948 legislation.

The entire Nation has a stake in the well-being of people in each State. There is in this country a continual flow of population from rural to urban areas and from poorer to wealthier States. Each year the wealthier States receive thousands of persons who were born and brought up in States with low resources and relatively inadequate facilities and who inevitably take with them the results of their deprivations. It is in the interest of the States with relatively large economic resources that persons living in States less favored economically have opportunity for healthful living.

The Social Security Administration continues to believe that it would be desirable to use a formula that varies the Federal share with the economic capacity of the State, rather than with the average payment. Such a formula should be applied also to expenses for administration and welfare services.

The Administration suggests that a change in the formula be accompanied by increase in the maximums for aid to dependent children and by extension of the scope of the programs for which Federal funds are available to include payments for medical services, general assistance, and welfare services. These changes are interrelated. Their enactment would result in more balanced programs in all States, so that the needs of all groups for assistance and services would be met more equitably, and most States with comparatively small resources could raise the level of assistance and services substantially.

Maximums limiting monthly payments for aid to dependent children.—For aid to dependent children, the Federal maximums have never been realistically related to what families with dependent children need to live on. The inadequacy of the maximums, including those becoming effective in October 1948, is due partly to the fact that the needs of the mother or other person maintaining a home for the child are not recognized. Furthermore, though incapacity of a parent is included in the act as a factor in eligibility, provision is not made for meeting the needs of an incapacitated parent living in the home.

Even under the 1948 amendments, the largest monthly amount in which the Federal Government will share for a family consisting of two children and two parents is \$45. In sharp contrast, the Federal Government will participate in a payment up to \$50 for a single aged or blind person. A \$45 payment will buy only a fraction of the food needed by a family of four. Yet the family must also have shelter, clothing, and other essentials. The Social Security Administration strongly advocates the adoption of maximums substantially as high as those for the aged and the blind. Children are the Nation's greatest resource, and their healthful growth and development are of paramount importance to the Nation's future.

State distribution of Federal and State funds.—The Social Security Administration believes it is implicit in the Federal act that, within a State, needy persons shall receive equitable treatment. The act requires that a State plan must provide that it shall be in effect in all political subdivisions of the State, and if administered by them, be mandatory upon them; provide for financial participation by the State; provide for granting to any individual, whose claim for assistance is denied, an opportunity for a fair hearing before the State agency; and provide for administration that is proper and efficient.

Needy individuals can be accorded uniform treatment only if in all localities of the State they are free to apply for assistance and to get prompt decisions on their applications; the decisions, moreover, must be based upon State-wide standards, uniformly applied, regarding their eligibility and the amount of assistance they are to receive. To assure needy persons uniform treatment wherever they live, the State must see to it that each locality has the funds it requires to meet need promptly at the standard established by the State. Promptness requires that agency staff must be sufficient in all localities to make the necessary determinations without delay. Local variations in prices may result in differences from place to place in the cost of the State standard.

The apportionment of funds to localities in relation to their need for funds poses difficult administrative problems. The problems are particularly acute when a share of the cost is borne by the localities. In such States the local share is often a fixed percentage of the non-Federal share; in a few States it is a fixed percentage of total expenditures. Wherever the local share is a fixed proportion, the amounts the Federal and State Governments can contribute to a locality depend on the amount that it is able and willing to raise. Often, localities with limited resources are unable to appropriate as much as is necessary to assure the availability of combined Federal, State, and local funds sufficient to meet need. Some States that use local funds will have to amend their legislation if need is to be met on a uniform basis throughout the State.

The Social Security Administration believes that, as a condition of plan approval, a State should be required to provide for the apportionment of Federal and State funds in relation to the need of the localities for funds, rather than on the basis of the local contribution.

Assistance for Additional Needy Persons

In order that States may be aided in providing for all persons in want and not merely for selected groups, the Social Security Administration believes that it is essential for the act to be modified and

extended to cover needy persons not now included. To that end, Federal financial participation in general assistance should be authorized and Federal and State legislative provisions that bar certain needy persons from getting aid should be eliminated.

Federal funds for general assistance.—The Social Security Act established a basis for the division of responsibility between the Federal Government, on the one hand, and the State and local governments, on the other, in financing public assistance. The Federal Government undertook to finance a share of the cost of assistance for needy aged and blind persons and dependent children, leaving to the States and localities full responsibility for aiding other needy persons.

At the end of 13 years, it is clear that, as compared with the favored groups in whose aid the Federal Government shares, other needy persons have in general fared badly. Yet the persons receiving or in need of general assistance are in considerable part unemployable. Among the persons on the general assistance rolls are many suffering from chronic diseases or acute illnesses. Some are unable to work because of mental or physical handicaps or home responsibilities. Relatively few are temporarily out of a job and able to work. Even in a time of full employment, some unemployment, of course, exists. Not all workers, moreover, are covered by and eligible for benefits under the State systems of unemployment insurance. Furthermore, except for railroad workers, insured persons who are temporarily disabled and unable to work are eligible for sickness benefits in only a few States (two at the end of the fiscal year 1948). In only a few States—and then only in special circumstances—can unemployed workers continue to draw unemployment benefits after they become ill. In the absence of a general disability insurance program, many handicapped and permanently disabled persons are obliged to apply for general assistance.

Many States have not elected to share with their localities the burden of supporting general assistance. In the fiscal year 1948, it was financed entirely by the localities in 16 States—California, Florida, Georgia, Idaho, Indiana, Iowa, Kentucky, Mississippi, Nebraska, Nevada, New Hampshire, North Carolina, North Dakota, South Dakota, Tennessee, and Texas. In 14 additional States the local share of general assistance costs was one-half or more. In 18 States, State funds predominated. Arizona, Pennsylvania, and Utah used no local contribution, and Ohio scarcely any.

In the States contributing little or no State financial support, and even in some with substantial State financial participation, the responsibility for establishing standards and conditions of eligibility

rests with the local officials. As a natural result, the ability of a needy person in given circumstances to obtain aid varies greatly from county to county, as does the amount of assistance he is likely to receive if he is accepted for assistance.

Since local revenues for general assistance are derived primarily from real estate taxes, which have to support many other governmental services, heavy reliance on local funds frequently results in grossly inadequate appropriations for general assistance. Moreover, many localities as well as some States tend to appropriate their funds for programs financed in part from Federal funds, to the neglect of services for which such matching funds are lacking.

General assistance is an important part of a comprehensive public welfare system and of a comprehensive social security program. The function of general assistance is to meet need not otherwise taken care of. Freedom from want will be a vain hope for many needy persons in all sections of the country until general assistance programs are State-wide in operation and adequately financed and supervised.

The Social Security Administration recommends extending the public assistance provisions of the Social Security Act to include Federal participation in assistance to any needy person. The purpose of such an amendment to the act would be to establish in all parts of the Nation a flexible and comprehensive assistance system, able to adjust rapidly to changing social and economic conditions and to meet residual and emergency needs.

Aid to any dependent child.—No nation can afford to neglect the well-being of the oncoming generation. In this country, however, even now there are many children who are deprived of the means of support and yet are not eligible for financial assistance. Title IV of the Social Security Act, under which grants-in-aid are made to States for aid to dependent children, so limits the scope of Federal participation that Federal funds can go only to children who are deprived of parental support or care for specified reasons. Children who lack the support or care of a parent because of death, incapacity, or absence from home may get aid, provided they are living with a parent or close relative and, if 16 or 17 years of age, are attending school.

Many children are in need because a parent has low earnings, is unemployed, is temporarily ill, or for many other reasons. Moreover, some children aged 16 or 17 cannot go to school because they are incapacitated or ill, because suitable schools are not accessible, or because they are needed in the home.

The Social Security Administration is of the opinion that assistance with Federal participation should be available to any parent, relative,

or other person who assumes responsibility for the care of a needy child and maintains a home for him. The consequences of malnutrition, improper housing, and other deprivations in childhood are the same, whatever their origin. We believe, moreover, that the act should make specific provision for meeting the need of the parent or other person assuming responsibility for parental care and support of a child. If the assistance payment, intended to cover the needs of the child, must cover the needs of another person also, the well-being of the child will suffer.

If Federal participation is extended to general assistance, the need for modification of the provisions for aid to dependent children will be less crucial. Nevertheless, the Administration believes it would be desirable to make the changes advocated here, since they will simplify the determination of eligibility and delineate more clearly the purposes of the program.

Aid for blind children.—Although title X of the Social Security Act authorizes Federal participation in aid to any needy blind person, irrespective of age, 24 States now have age requirements that render children ineligible. Seven States bar children under age 16, nine under age 18, and four under age 21, sometimes with certain exceptions. The remaining four States have other restrictions.

Some of these States may have assumed that a needy blind child could get aid to dependent children, but that is possible only if the blind child lacks support or care because a parent is dead, away from home, or incapacitated. Presumably, age limitations were imposed primarily on the assumption that if blind children could receive assistance in their homes they might not attend residential schools for the blind. The Social Security Administration sees no reason why the availability of aid for blind children needing it should interfere with their getting appropriate education, whether they are attending day or residential schools. Indeed, in certain situations assistance should enable the child to benefit more fully from his educational opportunities. Furthermore, some needy blind children are too young to go to school or cannot attend school for other reasons.

Authorities on child care generally believe that the blind child—like the sighted child—needs the security that comes from being a member of a family group. Although some communities have special facilities for the education of blind children, often they can get education adapted to their needs only in residential schools. For such children, home ties should be preserved to the fullest extent possible. If needed, assistance should be available to enable the blind child to get home for weekends, when this is feasible, or at least at frequent intervals, and also to be at home during vacation periods. If his ties

with his family are not preserved and he is cut off from relationships with sighted persons, he is likely to find it difficult to adjust to life outside the institution when his schooling is completed.

The needy blind child in the residential school—like other needy blind children—may need assistance for the basic essentials of living, such as food, shelter, and clothing. He may also need medical care, including care to improve or conserve what vision may remain.

The Social Security Administration believes that, as a condition for the receipt of Federal grants for aid to the blind, States should be precluded from incorporating in their plans any provisions that bar needy children from getting assistance. There are relatively few blind children in the United States—perhaps about 10,000—but help should be available for any who are needy.

Residence requirements.—The American people are traditionally on the move, and those who are born, live, and die in the same community are in the minority. In 1940, slightly more than a fifth of the people in the Nation were living in States other than the one where they had been born. Less than half of the persons in the civilian population in April 1947 were living in the home in which they lived in April 1940. A tenth were living in another county of the same State, and another tenth were living in other States. In the single year following VJ-day, nearly 11 million people changed their county of residence. People move when and where better opportunities for a livelihood are offered. The greatness of American agriculture, industry, and commerce depends upon a high degree of mobility of population. Assistance legislation should be geared to the realities of an ever-shifting population.

The Social Security Act now permits States to impose requirements of residence if they wish, but limits the length of residence that may be required if a State is to qualify for Federal funds. A State plan for old-age assistance or aid to the blind may not require residence in a State for more than 5 of the 9 years immediately preceding application and 1 year continuously before filing the application. For aid to dependent children, the maximum requirement is 1 year of residence for the child immediately preceding application or, if the child is less than a year old, birth in the State and continuous residence by the mother in the State for a year preceding the birth. Many States have adopted substantially these same stipulations as minimum requirements for eligibility. Many, on the other hand, have requirements lower than the maximum permitted in the Social Security Act. A few no longer specify any period of residence as an eligibility requirement.

In all, 27 States have 5-year residence requirements for old-age assistance and 21 States for aid to the blind. Requirements as low as 1 year, on the other hand, are set in 17 States for old-age assistance

and in 18 States for aid to the blind. Kentucky, New York, and Rhode Island have no residence requirements for either old-age assistance or aid to the blind, and Mississippi has none for aid to the blind. Moreover, States with residence requirements for aid to the blind not infrequently waive them for persons who were residing in the State when they became blind.

For aid to dependent children, Alaska, Georgia, Kentucky, Mississippi, New York, Rhode Island, and Wisconsin have no legal requirements of residence.

The Social Security Administration believes that, since mobility of population is an essential characteristic of a free-enterprise society and since the Federal Government finances a substantial share of assistance costs, the Federal act should prohibit the inclusion in a State plan of residence requirements that bar needy persons otherwise eligible for aid. Residence requirements may result in great hardship for needy persons who have not lived long enough in a State to qualify for aid. Although such persons may be presumed to be eligible for general assistance, in many places local settlement or State residence requirements are imposed for this type of aid also. Moreover, the amount of assistance a needy person can get under the general assistance program, if he is eligible for any help, may be much less than he could have received under a special assistance program.

Citizenship requirements.—Although a State may, if it wishes, get Federal funds for assistance to needy noncitizens, some State plans make citizenship an eligibility requirement. In those States, noncitizens are eligible only for general assistance, which is relatively meager in many communities and nonexistent in some. At present, citizenship is a condition of eligibility for old-age assistance in 19 States and for aid to the blind in six States. In aid to dependent children, Texas alone has such a requirement.

The Social Security Administration believes that needy persons who are noncitizens and otherwise eligible should be able to qualify for assistance and that, as a condition for the receipt of Federal funds, a State should be prohibited from establishing citizenship as a requirement for eligibility.

Property restrictions.—A cardinal principle underlying the Social Security Act is that a needy person receiving assistance shall be free to spend the money he receives as he deems best. Yet some State plans for public assistance embody the reverse philosophy in their provisions restricting the individual's freedom to handle his property as he wishes. To qualify for assistance, a needy individual who owns property must in a few States transfer title to or control of the property to the State or locality. The Social Security Administration believes

that, as a condition of Federal grants, States should be prohibited from requiring transfer of the title or control of an applicant's or recipient's property to the State or locality. Such a provision would not prevent the State from making a recovery from the estate of a deceased recipient for assistance that he had received, from imposing a lien to secure the claim as long as the applicant or recipient retained title to the property and had it in his control subject only to lien, or from establishing the maximum amount of property that an individual can continue to retain and receive assistance.

Scope of Assistance and Service

In the past 13 years a wealth of evidence has been accumulating to indicate the need for expanding the scope of the assistance and services in which the Federal Government assumes a share of the cost. The Federal Government should, we believe, meet part of the cost of medical care and of expanded child welfare services and also of welfare services for families and adults to enable them to become self-supporting, to make fuller use of community resources, or to solve individual or family problems.

Medical care.—Among recipients of public assistance there is much disability. Indeed, disability is one of the major causes of dependency. The eligibility conditions for aid to aged and blind persons and dependent children are such that large numbers of persons approved for assistance are individuals with disabilities. Moreover, the general assistance load has for many years been heavily weighted with persons suffering from chronic diseases or acute illnesses. For many recipients of assistance the need for medical care is as basic as the need for food, shelter, and clothing.

The present assistance provisions of the Social Security Act have a limiting effect on the ability of States to make medical care, or money with which to purchase it, available to needy persons. The Federal Government can now participate only in money payments to recipients within specified maximums on individual monthly payments. In old-age assistance and aid to the blind the maximum under the 1948 amendments is \$50; in aid to dependent children the maximums are substantially lower.

Because of the maximums, it is often impossible for the agency—with Federal financial participation—to make the money payments large enough to cover medical bills, especially when the bills are sizable. Assistance agencies, moreover, often consider it preferable to pay the practitioner or agency supplying the medical care. According to a study of the medical aspects of public assistance, three-fifths or more of the costs incurred for the hospitalization of recipients of

old-age assistance in a 6-month period of 1946 were paid directly to the hospitals in most of the States for which this information is available. Other forms of medical care were more commonly provided through the money payment to the recipient.

Many States are making serious efforts to help recipients get medical care, often bearing a substantial share of the cost. In 18 of the 20 States participating in the study of medical care, the proportion of aged recipients for whom some provision for medical care was made ranged from 6 to 98 per 100 recipients on the rolls during the period of the study. In aid to dependent children, the number of families for which medical care or funds for its purchase were made available ranged from 10 to 82 per 100 cases assisted.

The scope of the medical services for which money is supplied or responsibility for payment assumed by the agency varies greatly from State to State. Some States undertake to provide for comparatively little care except the services of medical practitioners and the cost of medicine. Relatively few States make much dental care available, even for dependent children. Furthermore, in many States there is limited provision for care in nursing or convalescent homes. A few agencies make no medical care available—through the money payment or otherwise—except in emergencies, and some others limit drastically the types or amount of care that may be provided. In 1946, in the 18 States for which there is such information, average expenditures for medical care ranged per assistance case from \$0.52 to \$12.08 a month for old-age assistance and from \$0.50 to \$6.44 in aid to dependent children. The high average of \$12.08 occurred in a State that has relatively adequate facilities for nursing-home care and was able to meet the cost of such care for aged recipients needing it. Costs are undoubtedly somewhat higher today. In general, States whose financial resources are small can finance only meager medical care from assistance funds. In such States the medical care for dependent children is particularly limited. The low Federal maximums in that program seriously handicap necessary medical services for the children. All children need preventive medical and dental services, as well as services that are curative.

To help States make medical care available to needy persons, the Social Security Administration recommends extension of Federal participation to include payments made directly to practitioners or agencies (including prepayment group health plans) that supply or pay for medical services to needy persons. Such a provision, we believe, would act as a stimulus to the State assistance agencies to develop more satisfactory methods for the provision of medical care and to make a wider range of medical services available to needy persons. The role of public assistance in meeting medical needs should

be regarded as residual. To the extent that medical services are available to needy persons through health agencies or that the costs of such services are met through health insurance, public assistance agencies will be relieved of the necessity of providing needy persons with the means of obtaining medical care. Public assistance agencies will still have a function to perform in referring needy persons to appropriate health agencies, and sometimes in certifying needy persons as eligible to receive medical services.

In other chapters of this report the Social Security Administration recommends the establishment of medical care insurance, under which workers can share the risks and contribute toward prepaying the costs of medical care for themselves and their families on a fixed basis. If a system of medical care insurance such as that proposed is established, provision should be made to permit assistance agencies to pay contributions into the insurance fund so that recipients of assistance not covered by this system could get the same medical services as wage earners and members of their families.

This report also recommends, elsewhere, extension of Federal legislation and increase in appropriations to enable State health agencies to develop progressively their programs for maternal and child health and for crippled children. Such services, the Administration believes, should be available generally to mothers and children. Through grants-in-aid administered by the Public Health Service other types of medical services provided by State health agencies are being strengthened, additional medical and nursing personnel trained, and the construction of additional hospital facilities stimulated.

If a comprehensive health insurance program were established and State-wide services were developed in the State health departments, the need for medical assistance would be greatly reduced. It is not improbable, moreover, that the need for maintenance would also be lessened.

Care in public medical institutions.—Some of the most acute want in the Nation is to be found among persons needing long-time care in medical institutions. At present, under the programs for the aged and blind, the Federal Government can participate in money payments to such persons only if they reside in private institutions and only up to the maximums on individual monthly payments. A State may, however, claim Federal sharing in payments to persons receiving temporary medical care or other services in public medical institutions.

Many of the aged and blind recipients need long-time care in medical institutions. Private medical facilities cannot begin to care for all the people needing this type of care. The provision in the act barring the use of Federal funds for persons living in public institutions was intended to wipe out indiscriminate care in the old-time

almshouse but its effect has been to foster the development of commercial nursing and convalescent homes. Often these homes, which are operated for profit, are unlicensed and unsupervised and give inferior care.

To enable States to make use of existing public medical facilities and to stimulate the development of additional facilities, the Social Security Administration recommends amendment of the assistance titles of the act to permit Federal sharing in assistance to or the cost of care for persons who choose to live in public medical care institutions other than those for tuberculosis and mental disease. If Federal grants for general assistance should be authorized, this provision should be incorporated in the legislation for this type of aid, also.

We believe that the public assistance agency should have the option of paying the medical institution directly for the care of a needy individual if this seems desirable. Many persons ill enough to need long-time care in a medical institution are unable to manage their money for themselves.

We also believe that, as a condition of plan approval, the State should be required to designate an appropriate authority or authorities to establish and maintain suitable standards for all institutions of the types specified in the State plan as institutions in which recipients of assistance may reside.

Care in medical institutions is necessarily expensive. In 1946 the average cost per month for care of recipients of old-age assistance living in nursing or convalescent homes in 12 States or selected counties of these States ranged from about \$40 to \$118. Costs of care in medical institutions, like the cost of all other goods and services, are mounting.

Care in public domiciliary institutions.—There are, of course, some aged or handicapped people who do not need the type of care provided in medical institutions but are in need of domiciliary care. Facilities in private charitable institutions are inadequate to provide for all needy persons requiring domiciliary care. Moreover, many of the institutions restrict intake to persons of particular religions, races, or affiliations. Some persons in need of sheltered care live in commercial homes, not infrequently under conditions that are highly unsatisfactory. Extension of the act to cover persons receiving long-time care in public domiciliary institutions would enable recipients to live in such institutions if they chose to do so. Safeguards should be maintained, however, so that recipients would be as free to leave public domiciliary institutions as to enter them.

Determination of need.—No aspect of administration in public assistance is more fundamental—and none more complex—than the

determination of need. The Social Security Act requires a State to define need but is silent on how need should be determined, except for specifying that any income and other resources of an individual should be taken into consideration.

The Social Security Administration believes that there would be advantage in a more explicit statement to assure consistent treatment of needy persons. As a condition of Federal approval, the act should specifically provide that a State plan should define the standard of living to be achieved through the individual's own resources and the assistance payment and should contain objective standards for evaluating income and resources. Moreover, the Federal act should specify that only income and resources actually available to the needy individual should be taken into account.

The State agencies have made notable progress in developing State-wide standards of assistance. Nevertheless, in many States the standards still fall short of providing a basis for uniform and objective determinations. Some States still consider income and other resources as available to an individual when actually they are not.

Through its continuing review of administrative practices in the States, the Bureau has information on the standards and practices in effect regarding the determination of need at the end of the fiscal year.

Of 55 State agencies administering or supervising the administration of public assistance plans in the 48 States and the District of Columbia, five left it entirely to the localities to decide which items—for example, food, clothing, shelter, fuel, light, water, household supplies, and personal care—were to be included in determining how much money an individual requires to live on. In all, 25 States made the inclusion of certain items mandatory and other items optional.

Six State agencies had established no cost figures, leaving that aspect entirely to the localities. In five State agencies the use of State-established cost figures, adjusted for local differences, was entirely optional. In 12 agencies the use of cost figures was mandatory for some items and permissive for others. The uniform consideration of resources—particularly income in kind, which is difficult to evaluate—remained a problem in about half the States.

Funds were adequate to meet need in full, as determined, in 31 of the 55 State agencies in June 1948. Of the 24 agencies unable to provide the full amount needed, three left it to the localities to decide how a reduction in the payment was to be made. Nine prescribed the method of reduction but left the extent of the reduction to the local agency.

The eligibility of an individual for assistance and the amount of his payment can be determined fairly and uniformly only when there are clear and objective standards, applied uniformly throughout the State, to measure his requirements, to evaluate his resources, and thus to determine the extent to which his income and other resources should be supplemented in order that he may live at the standard established by the State. Standards and instructions that are specific and clear-cut are essential, moreover, to enable workers to make decisions effectively.

Even though the fundamental principle of public assistance is the relief of need not met by an individual's income and resources, some Federal legislation has deviated from that principle for certain groups of individuals. In the war year of 1943, Congress enacted legislation that permitted States, for a temporary period and without prejudicing their rights to grants-in-aid under the Social Security Act, to disregard income from agricultural labor in determining the need of certain individuals on the old-age assistance rolls. In 1945, income from civilian nursing service was also exempted from consideration in certain circumstances. These exemptions, which have been extended to July 1, 1949, were intended to encourage needy aged persons receiving old-age assistance to engage in these occupations and thus to help reduce acute labor shortages. Very few States have elected to make use of the provisions at any time since 1943.

The Social Security Administration believes that such provisions not only are inconsistent with the principles of the determination of need in public assistance, but also operate unfairly against needy persons who cannot work and have no resources to draw upon. When the State agency must disregard income of certain recipients, it must then stretch the assistance funds it has even further than would otherwise be necessary, unless additional funds are appropriated. Another result of exempting resources is that additional individuals become eligible for aid. Even if the assistance rolls remained static, however, the amount to be met from available funds would be increased by the amount of the resources disregarded, and inevitably, if more funds were not forthcoming, the persons who were most needy and lacked resources of their own would have less to live on. In some States, at present, funds are so limited that the need of persons on the rolls is not being met in full.

The Administration favors a policy that will result in raising standards for all recipients—when States are able to do so—rather than one that will improve the condition only of selected groups. Because the concept of need is so fundamental, all groups concerned with assistance programs should give the most careful consideration to the underlying philosophy of need. Standards and policies for determining the level

of living to be afforded needy individuals and for evaluating resources available toward attaining that level should be developed in relation to fundamental principles. As long as funds remain inadequate, there is temptation to break away from basic principle if the situation of at least some individuals can be improved thereby. It should be borne in mind, however, that the gains for limited groups are being made at the expense of others whose needs are even more acute. There is no remedy for inadequate appropriations except larger ones.

Welfare services.—Under the Social Security Act the Federal Government has since 1936 participated in the cost of providing limited welfare services. Through the grants for the administration of old-age assistance, aid to dependent children, and aid to the blind, the Federal Government meets one-half the cost of services that are directly related to the need of persons applying for or receiving one of these types of aid. Moreover, under title V of the act, grants are made to States for child welfare services. A State cannot claim Federal funds, however, for services for needy persons who do not fall within the scope of the categorical programs, who are eligible for a special type of aid but require help that is unrelated to their financial need, or who are self-supporting but seek help in meeting personal or family problems. In many States, moreover, public child welfare services are available only in selected areas.

During the past 13 years the value of welfare services under governmental auspices has been amply demonstrated by the results of the services supplied under the programs for child welfare and public assistance. Increasingly people are turning to the public welfare agency for services of many types including homemaker service, home-finding, and counseling. In many localities of the Nation there is no other social agency.

To help families to remain together and to enable families and adults to become self-supporting, to make fuller use of community resources, or to solve individual or family problems, the Social Security Administration advocates the extension of Federal financial participation to cover all welfare services administered by the staff of the public welfare agency. The Administration believes that comprehensive welfare services should in time be available to persons requesting them—whether needy or not—in all communities of the Nation. This goal can be attained, however, only as additional personnel can become equipped to render service of professional quality. Thus the Federal Government should also participate in financing the training of additional personnel. In all parts of the country, agencies are giving increasing attention, through numerous training devices, to improving the competence of staff in dealing with the problems of persons who turn to the agency for help.

The Social Security Administration believes that States should be able to get Federal financial support for demonstration projects in selected communities where plans for providing comprehensive services or particular types of services can be tested and evaluated.

The Family Life Conference, called by the President in May 1948, has focused the attention of the country on the contribution of the family to national life and on the forces that tend toward disintegration of the family. Services to promote the integrity of the family should receive the whole-hearted support of the Federal, State and local Governments, and of voluntary agencies. At the present time, no agency of the Federal Government has responsibility for studying family life. The Social Security Administration believes that Congress should authorize the Federal Security Agency to engage in research relating to family life with responsibility for analyzing the factors resulting in disruption or weakening of the family and those tending to strengthen the family as a social institution. The Federal Security Agency should, we believe, serve as a clearing-house of information on programs and research relating to the welfare of the family and should stimulate public and private agencies to develop community services and facilities to assist families to cope with the problems of our modern times.

Administrative Organization

The Social Security Administration is of the opinion that, if the Social Security Act is further extended to provide grants for general assistance, medical care, and welfare services, there would be advantage in requiring as a condition of plan approval that all of the welfare programs for which a State gets Federal funds under the Social Security Act be administered or supervised through one State agency and that one agency or branch office of the State agency be responsible for unified administration of all the programs in the locality.

A considerable degree of administrative integration has already been achieved. At both the State and local levels, at present, one agency is responsible for the three special types of public assistance in all but nine States. In 44 States in 1946, the most recent date for which such information is available, the three special types of assistance were administered by one office in all localities of the State. In 22 of these States, general assistance was administered in conjunction with the three categories of assistance in all local offices.

Unified administration or supervision of comprehensive State welfare plans and unified operation of such plans in the localities are desirable, the Social Security Administration believes, to assure coordination of services and to promote more nearly equitable treatment for all the people in the State who seek assistance or other wel-

fare service. When programs are unified, moreover, administration should be more effective and economical.

Of nearly 3,000 local offices administering one or more categorical programs in 1946, substantially more than half had fewer than five employees. Only about one-fifth of the offices had 10 or more employees. When different offices in a community administer programs that are closely related, and especially when the offices are very small, neither optimum service nor optimum efficiency is likely to result.

Although the Social Security Administration advocates unified administration of comprehensive welfare plans, it believes that the States—within the provisions of the Federal act—should be free to determine the scope of their programs and the method of organization. If grants-in-aid for general assistance become available, some States may wish to administer a single assistance program with need the only eligibility condition. On the other hand, some States may prefer to continue the present categorical programs and even to develop new ones. Categorical distinctions in the administration of assistance might seem less important, however, if there were more nearly adequate financing of assistance for all needy groups in the population and if comprehensive welfare services were available to provide specialized help to people seeking it.

Extension of Federal Aid to Puerto Rico and the Virgin Islands

Despite the fact that need is widespread in Puerto Rico and the Virgin Islands and that the fiscal resources of the islands are insufficient to enable them to meet more than a fraction of the need, Federal funds are not now available to help them in financing programs of old-age assistance, aid to dependent children, and aid to the blind. On the other hand, both Puerto Rico and the Virgin Islands receive funds under the Social Security Act for maternal and child welfare and both receive grants for public health services. In the judgment of the Social Security Administration, all provisions of the Social Security Act relating to public welfare should be extended to include Puerto Rico and the Virgin Islands. Both have enacted legislation and established plans of operation that would enable them to qualify quickly for grants if the assistance titles of the act were extended to include them.

Children's Bureau

The Children's Bureau, as authorized by the Congress and the Federal Security Administrator, operates under two directives. The first, to investigate and report "upon all matters pertaining to the

welfare of children and child life among all classes of our people," was contained in the 1912 act creating the Bureau. The second, to "extend and improve" services for promoting the health and welfare of children, especially in rural areas and in areas of special need, was provided in the Social Security Act. Under the latter act, Congress makes available each year grants of money for State health and welfare agencies. The Children's Bureau approves State plans for the use of this money.

Underlying these broad responsibilities are sound theories of a democratic people.

Parents have primary responsibility for providing the daily care and opportunity for growth that every child should have. To plan wisely, they must know what children require for growth in physical, emotional, and social health. For this, parents must have facts from skilled and objective investigators and reporters, and guidance from persons especially trained in child development and child health. They must have at hand, ready to use when needed, a broad range of services which no family, rich or poor, can of itself supply. For this, they must have help from other people—their neighbors, their communities, and their States. Children who have lost their parents, or whose parents are unable to fulfill their responsibilities, have always had a special claim for help. Communities, States, and the Federal Government together have an obligation to come to their aid. This obligation is recognized in law and demonstrated in practice.

While children in the United States are, in many ways, much more fortunate than the children of other lands, there remains much to be done to assure to all our children opportunity to develop their capacities and powers for personal fulfillment and social usefulness.

Helping parents and citizens generally with facts about children's needs which the Children's Bureau gathers from its investigations, advising with workers and agencies serving children, and administering grants to State and local health and welfare services are the three broad fronts on which the Bureau serves the children of the Nation—not only the handicapped or disadvantaged, but all children. The progress it can make, year after year, must be measured against its resources of persons and money. Its maximum staff in 1948 was 277 workers; grants to States at its disposal were \$22 million; funds for investigating, reporting, advising, and administration came to \$1.4 million.

CHILDREN IN THE UNITED STATES

The United States is richer in children than ever before in its history. Of the Nation's 144 million citizens in 1947, 45 million were under 18

years of age. Their number was 9 percent greater than in 1940 when the last census was taken.

Grouped by ages, there were in 1947 approximately:

15,500,000	Under 5 years
12,100,000	5 through 9 years
10,700,000	10 through 14 years
6,600,000	15 through 17 years

More Babies

Nearly 4 million babies were born in 1947—the greatest number in any year of this country's history. The birth rate likewise was the highest since national records have been available.

From 1915, the first year of national record, when the rate was 25.0 per 1,000 population, the birth rate went down almost steadily until 1933, when the rate reached 16.6. Since then there has been a fairly steady upswing, with major increases in the years following World War II. The rate in 1945 was 19.6, in 1946, 23.3, and in 1947, 25.9 (provisional). These are the officially reported rates which do not allow for underregistration of births.

The two years 1946 and 1947, alone, yielded a total of 2 million more babies than would have been born had the national birth rate remained at the low point of 1933.

Thanks to this increase in births and the simultaneous decrease in infant mortality rates, we now have a record number of very young children. Against the 11.4 million children in 1940 who were under 5 years of age, there were 15.5 million in 1947. Children 5 through 14 years, who numbered 22.8 million in 1947, will have increased to some 27 million in 1955.

To meet the health and welfare needs of this greatly expanded population of young children, public and private agencies must expand in a major way or lose ground. Merely to mark time means denying more children than ever the benefits of services they require for wholesome, happy development.

Families With Children

Most children fortunately grow up in a normal family setting, with both parents. In 1947, about 39 million children under 18 years—or almost 9 in every 10—were living with father and mother. Close to 6 million children did not have this advantage. Some 4 million were living in homes broken by the death of a parent or by divorce, desertion, or separation—settings which often mean economic distress and emotional disturbance to the children. The parent present in 85 percent of the cases was the mother. Family break-up

was also in the background of most of the 2 million children living with neither parent. About 1.6 million were in the homes of relatives, and some 400,000 were living with nonrelated persons. It is estimated that more than 100,000 babies were born to unmarried mothers in 1947 and that about one-half of these mothers were under 20 years of age.

While most children live in families, nearly half the families in the United States have no children under 18 years of age. All the Nation's 45 million children under this age in 1947 were in 20 million, out of a total of 39 million, families. Nineteen percent of the children that year were in 8 million families having one child; 27 percent were in 6 million families having two children; and 54 percent were in 6 million families having three or more children. That is, more than half the children in the country were supported by fewer than one-sixth of all the families.

Family Incomes

Family incomes tend to bear little direct relation to the size of the family. The more children there are, the lower the total family income is likely to be. In 1945, 56 percent of the families with one child under 18 and the same percentage with two children, 62 percent of those with three children, and 72 percent with four or more children had annual incomes of less than \$3,000.

One gauge of the adequacy of a family income of \$3,000 is the "city workers family budget," developed by the U. S. Bureau of Labor Statistics and priced for 34 cities in 1946 and 1947. An "average" of those budgets shows that a family of four—including two children under 15 in school—needed at least \$2,750 in 1946 to buy the most modest kind of living. At least 10 million, or close to 50 percent, of all city children in 1946 were in families whose incomes failed to reach that standard. Of all city children living below this tight budget, almost three-fifths were in families with three or more children.

The economic situation of city children is generally superior to that of rural children. One-fourth of the Nation's children in 1946 lived on farms, where 12 percent of the national income went.

Wide variations in the financial capacity of adults to support both children and the services children need show up among regional areas and States. In general, regions rich in children are poor in income. The Southeast, for instance, in 1940 had the greatest number of children in relation to adults of working age: 57 children under age 15 for every 100 adults 20 to 64 years old. Its 1947 per capita income, \$883, was the lowest for all regions. At the other extreme, the Far West had 32 children per 100 adults of working age, and a per capita income of \$1,559. Changes in the distribution of the

child population since 1940, due to family migration and varying increases in births, may modify these figures somewhat. They are not expected to invalidate the general pattern: the greater the responsibilities for rearing children, the smaller the income there is to work with.

That is true for States as well as for regions. At one extreme is Mississippi, with 63 children for every 100 adults aged 20 to 64 years and a 1947 per capita income of \$659. At the other, is Nevada with 35 children per 100 adults and a per capita income of \$1,842.

These wide variations are significant to public and private agencies serving children. A high per capita income does not necessarily mean that a State is providing services to the fullest capacity; but obviously, the lower the per capita income the less able a State is to support the services its children should have. Congress has wisely recognized this fact. Federal grants for child health and child welfare services take these differences into account. But even so, large discrepancies continue in the number and quality of private and public services the States can provide for children.

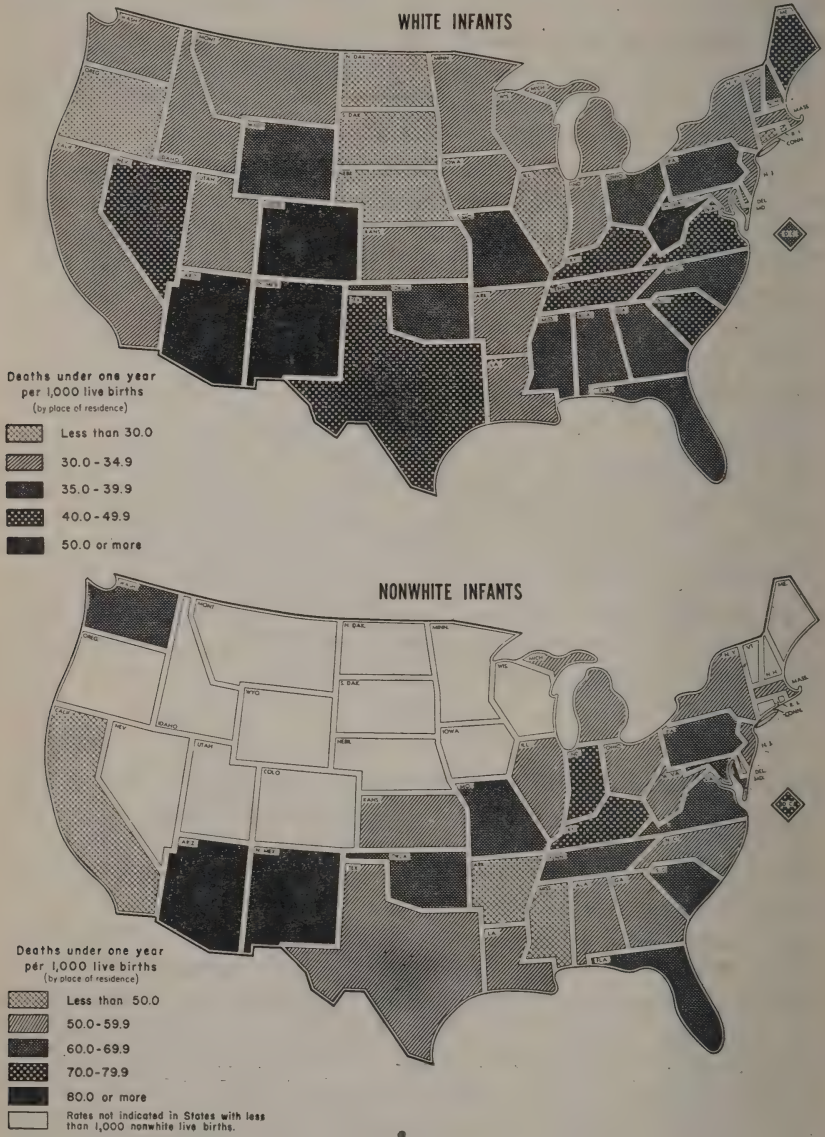
Most large countries in recent years have shown an increasing concern in the disparity between numbers of children and family income. Great Britain, Canada, Australia, and Sweden, among others, are attempting through family allowances to ease the burden on large families and to give recognition to the social values of parenthood. Careful study should be made of such programs, including consideration of their value and cost as against the cost and value of expanding community services for all children.

Family Living

Many families are still putting down roots in new communities. Though the wartime movement of families from place to place has slowed down greatly in the past 3 years, one-fifth of the persons in the civilian population in 1947 were reported to be living in a different county or State from the one in which they lived in 1940.

The urgent need of more and better housing continues to harass great numbers of families. According to 1947 estimates, 2.4 million dwelling units throughout the country had more than 1.5 occupants to every room. Nearly 2.9 million married couples lacked separate homes of their own; most of them were living with other families. Approximately 4.1 million dwelling units needed major repairs; 9 million lacked running water; 4.5 million were without electric lighting. Some of the Nation's worst housing is to be found in rural areas where families are larger. Proportionately twice as much farm as nonfarm housing is in need of major repairs; farm homes without

Chart 13.—Mortality rate for white and nonwhite infants in each State, 1945



running water are 6 times more frequent than homes off the farm. Farm homes without electricity are 10 times more frequent. Wholesome living and rewarding family relationships for children come hard under the housing conditions with which many families must cope.

Employment of mothers continues relatively high. Though many have withdrawn from the labor market since the war, 16 out of every 100 wives in normal families with one or more children under age 18 were at work in 1947. The percentage in 1940 was 9. Including employed mothers who were also running their own households, altogether 3.6 million mothers in 1947 had jobs away from home; 1.3 million of them had children under 6 years of age.

Steadily rising costs of living during the past 2 years, plus good employment opportunities, have undoubtedly exercised a double pull on many mothers to take a "paying" job. Many, including mothers in families receiving aid to dependent children, find it necessary to work if their children are to have even a minimum subsistence at current high prices. Until all mothers can have a fair choice between staying at home and taking a job outside, many children will suffer. This fair choice will be assured only when the Nation faces up to the economic costs of rearing children and to the great social contributions mothers make in their care of children.

Children in Minority Groups

Thirteen out of every 100 children under 20 years of age in the United States are nonwhite—Negro, Indian, or Oriental. By many tests, they are at a serious disadvantage. At birth a nonwhite child, according to estimates for 1945, has a life expectancy 9 years shorter than that of a white baby. The maternal mortality rate among nonwhite mothers in 1945 was over $2\frac{1}{2}$ times higher than among white mothers. Infant mortality was about $1\frac{1}{2}$ times higher. In that year, the average annual income of nonwhite families was only about half that of white families—\$1,538 as compared with \$2,718. Negro children, who make up 95 percent of all nonwhite children, live predominantly in localities which are below the national average in schools, recreation facilities, and child health and welfare services, and which have social and legal barriers separating white from Negro children.

DEVELOPMENTS IN MATERNAL AND CHILD HEALTH

Childbearing and Infancy

Year by year, the country is making dramatic strides in saving the lives of mothers in childbearing and of infants.

Maternal mortality dropped from 21 deaths for every 10,000 live

births in 1945 to 16 in 1946. In 1915—the first year when an attempt was made to keep a national record of maternal and infant mortality—the rate was 61. Not only the rate but also the number of maternal deaths was reduced in 1946—despite the increase in number of births. Deaths in 1945 were 5,668; in 1946, 5,153. The infant mortality rate fell from 38 for every 1,000 live births in 1945 to 35 in 1946 (adjusted rate). In 1915 this rate was 100. Deaths increased from 104,684 in 1945 to 111,063 in 1946, but births also went up more than half a million.

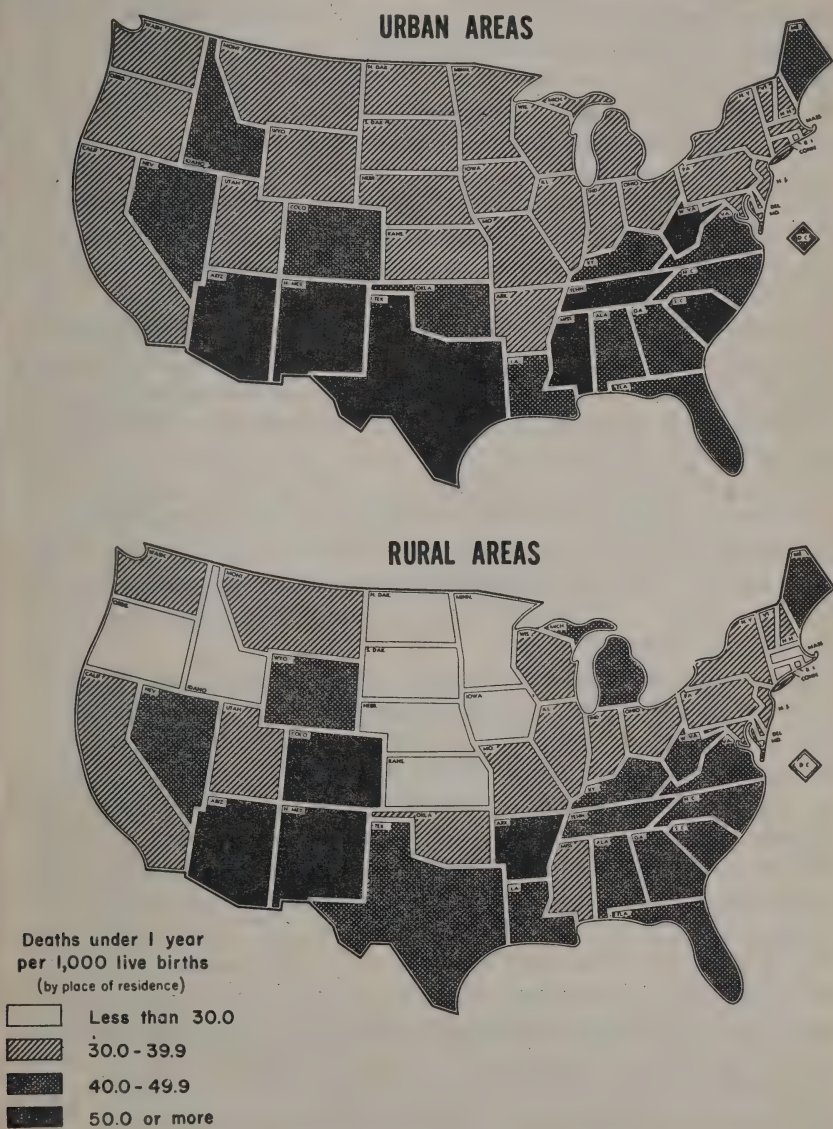
Despite these relative gains, many mothers and babies still die needlessly. Records of individual States show how many more lives might be saved. In maternal mortality, Connecticut and Minnesota had the lowest rate in 1946—9 deaths for every 10,000 live births. At the other extreme were Florida, with 30 deaths, and Mississippi, with 31. If all the States had had as good a record as Connecticut's and Minnesota's, 2,100 fewer mothers would have died in 1946. In infant mortality, Utah had the lowest rate in 1946, with 27 deaths for every 1,000 live births. New Mexico's rate was almost three times as high, 78. Again, if all the States had matched Utah's record, close to 22,000 infant lives could have been saved.

Maternal Care

The continued reduction in maternal and infant mortality in recent years reflects advances both in medical knowledge and in the development of public and private services that make that knowledge more widely available.

Today there is less risk of maternal death from infection, thanks to the development of new drugs. Wider knowledge of the value of transfusions for early treatment of hemorrhage and shock is saving many lives. Fewer operative deliveries are now considered necessary for mothers with diabetes, tuberculosis, heart disease, and toxemia. Discovery and study of the Rh blood groups are saving many babies' lives. Newer methods of anesthesia are contributing to the better health of mothers and babies. The proportion of women who seek medical care early in pregnancy has increased as a result of educational programs and the provision of such care in prenatal clinics.

The very progress that has been made in maternity care has created new problems. One is the rapid increase in the proportion of deliveries taking place in hospitals. In 1946, 82 percent of all births were in hospitals; in 1935, it was 37 percent. No similar increase has occurred in hospital beds. Mothers, in some places, are sent home as early as the third day after their babies are born—too often without regard to home conditions or to lack of household help or nursing care. New

Chart 14.—*Infant mortality rate in urban and rural areas in each State, 1945*

hospital construction, when it comes, will help to relieve this situation; but there is need for study of other solutions to this problem.

Hemorrhage continues to be one of the three leading causes of death in connection with maternity; it accounted for 30 percent of all maternal deaths in 1945. Many deaths from hemorrhage of hospitalized maternity patients must be ascribed to the lack of blood transfusion services in some hospitals. Every hospital maternity service should be ready to give transfusions in emergencies. The greatest boon in the direction of equipping hospitals to give proper care for bleeding is the blood bank system, developed during the war and carried along since by hospitals, health departments, and chapters of the American Red Cross. The Children's Bureau has attempted to foster standards for blood banks—including typing procedures—for all maternity hospitals.

Attention now tends to be focused increasingly on promoting the health and well-being of mother and infant, as well as on preventing maternal deaths. This attention is reflected in the newer concepts of good maternity care; at the same time it reveals new areas that call for study.

Studies in England, Canada, and the United States suggest a close tie between adequate diet during pregnancy and the health of the mother and baby. Advice on diet is therefore receiving increasing emphasis in the health supervision of the maternity patient. Further study is needed of the amounts and kinds of nutrients the mother should have during pregnancy.

Some progress is being made in helping parents understand the processes of growth and adopt a more flexible attitude toward their infants. Certain experimental procedures are fostering a better understanding between the mother and her child. Mothers are being prepared for parenthood both by instruction on the emotional growth of the infant and by help with their own emotional problems. A very few hospitals keep the baby with the mother so that she may gain more intimate knowledge of his needs while still in the hospital and under medical supervision. It is also hoped that this will make breast feeding easier and encourage feeding the infant on an individualized schedule, rather than at arbitrary periods. There is medical evidence that such a schedule, followed throughout the early life of the child, reduces the feeding problems that have plagued not only many mothers but many physicians, and that the same tolerant attitudes that make feeding easier can also eliminate pronounced difficulties of toilet training and weaning.

This new knowledge of child growth places a considerable burden on all who are caring for children in any capacity. They must understand more fully the fundamental drives of children, present in all

cultures and economic levels, so that they can help children adjust to the complex and frequently conflicting rules of social order.

Care for Premature Infants

While the death rate of infants after the first month has been reduced, there has been less success in cutting down the deaths of younger infants. Prematurity is now the greatest single cause of death of infants, accounting in 1946 for 49 out of every 100 babies who died in their first month.

More research needs to be done into the causes of premature birth. Nutrition during the prenatal period is being studied for its possible relationship. Another approach to the problem is better care for the infant. Federal grants are currently helping certain State health departments to develop centers in selected hospitals for the care of premature babies. These hospitals have special equipment such as incubators, specially trained nursing care throughout the 24 hours, and supervision by qualified physicians. Infants born prematurely in neighboring territory can be rushed to these centers by special car. These centers not only ensure maximum care for the undersized and underdeveloped babies, but also give professional personnel an opportunity to study improved methods of care. In 1948, one or more centers were operating in a number of States.

Child Care

Less dramatic but still significant gains continue to be made in reducing the mortality rate of children over one year of age. The mortality rate for preschool children aged 1 to 4 was cut from 2.9 per 1,000 in 1940 to 1.8 in 1946; for children 5 through 14, from 1.0 to 0.8.

Accidents are the chief cause of death for both age groups. Although many should be preventable, little progress has been made in developing effective techniques of accident prevention. Since the largest number of accidents take place in the home, funds and efforts must be devoted to research on how such home accidents can be prevented.

Among diseases, pneumonia and influenza for long have been the most important causes of deaths of preschool children. They caused more than 3,000 deaths in 1946. Commendable strides have been made in reducing the common communicable diseases of childhood—measles, mumps, diphtheria, and whooping cough—but children still die from them needlessly.

Rheumatic fever and heart disease, together, rank first among the diseases causing deaths among children 5 to 14 years of age and lasting disability for many more. Physicians are still in ignorance

both of the cause and the cure of this disease. It is generally believed, however, that serious aftereffects and the chance of recurrence can be reduced when children are given special care under well-organized special programs. In 1948, rheumatic fever programs were operating in 25 States, under the direction of State agencies and with the help of Federal funds; three States started new programs during the year. These programs in most States cover only a small area and can care for only a limited number of children suffering from this disease.

Care for the Handicapped

The Children's Bureau estimates that some 35,000 children have diabetes, 175,000 have tuberculosis, and 200,000 have epilepsy; 500,000 have defects requiring orthopedic or plastic treatment, including from 100,000 to 160,000 children with cerebral palsy; and 500,000 have or have had rheumatic fever. One million children have poor hearing or are deaf; 4 million have poor eyesight or are blind; 20 million have dental defects.

How many of these children are getting care is not known. Probably most receive some medical attention during the acute stages of their illness, but this is only one phase of the treatment they require. Specialists needed to supervise continuing care over long periods of time or of a highly specialized character are, for the most part, concentrated in large cities. The expenses of such care are prohibitive to great numbers of families. Services for crippled children, described on page 219, provide care for some of these children, but many who need care are not being reached.

Psychological and social implications in treating handicapping conditions of children are getting increasing attention, partly because of experience with rehabilitation programs for disabled veterans. For one thing, it is more generally accepted now that the readjustment process should start earlier than was formerly thought to be the case. The early period of hospitalization, when the child's understanding of his illness affects his response to treatment, should be used constructively for his growth and development. Education, for instance, has its place even during acute illnesses. More hospital physicians and superintendents are attempting to modify the daily routine of hospitals to allow for this type of care. Recreation for the hospitalized child is also gaining greater attention, to help him to a more healthy attitude toward himself and other children. Attempts are being made to help all who work with sick children bring to their work a better understanding of the psychological needs of children.

One of the most significant illustrations of new attitudes toward treatment of the handicapped child is the increase in interest in the

problem of cerebral palsy. In all parts of this and other countries, movements are under way to provide special care for cerebral palsied children. For many years, these so-called "spastic" children were neglected. It was thought nothing could be done to improve their condition. Now, with the newer concepts in physical therapy and neuromuscular education of the body, and with better techniques for appraising the intelligence of the child who may have difficulty in hearing and communicating, new effort is being put forth to bring relief to such children. Physicians, medical social workers, nurses, teachers of exceptional children, physical therapists, and others are each contributing from his or her own special field. Associations of parents of cerebral palsied children have been formed, here and there, over the country. The legislature of California in 1947 appropriated a sizable fund to support a program for the education and rehabilitation of such children.

A great deal remains to be learned about the treatment of this and many other crippling conditions, and many additional workers are needed to apply what is already known. The Children's Bureau has been working on a comprehensive national plan for developing training centers for workers dealing with such conditions as cerebral palsy, rheumatic fever, cleft palate, and others. These centers are being developed jointly with State health departments, boards of education, universities, and child welfare agencies to secure the broadest possible range of skills.

Another handicapping condition of children in which great public and professional interest was expressed in 1948 is dental decay. Research studies indicate that very inexpensive applications of fluorides to the surface of the teeth, three or four times during childhood years, may effectively reduce decay and enable relatively more children to grow to adulthood with a full set of teeth. During 1948, Congress appropriated \$1 million to the Public Health Service for demonstration of such topical application. The Children's Bureau has collaborated with the Public Health Service in planning for those demonstrations.

Care for the School-Age Child

In 1947 there were more than 29 million children aged 5 to 18 in the United States. Every one of these children needs certain basic health services: comprehensive medical and dental examinations at periodic intervals, with special consultation and diagnostic service as needed; immunizations against contagious diseases; continuous observation by parents, teachers, nurses, and others to detect early deviations from the child's usual physical, nutritional, or emotional

well-being; tests of hearing and vision at regular intervals; and treatment of all physical and mental defects, particularly those likely to interfere with the child's normal growth and educational progress.

A count of States requiring the physical examination or inspection of school children, made by the Children's Bureau in 1942, showed 33 with such laws. Some required physical examinations annually; some every 3 or 4 years; some did not specify the frequency. In actual practice, the quality of the examinations given varied greatly. Some were given by teachers, principals, or school nurses. Even when a physician gave the examination, it was often cursory, since he had to see dozens of children in a few hours. From the point of view of diagnosis, little can be learned from this type of health examination.

One of the major health needs of school-age children is better health examinations for more children. On the basis of such examinations, more effective planning of health services can be done. But examinations have a limited value unless they are closely related to follow-up services. Too often no remedial action is taken after school health examinations show up handicapping conditions. One State, for example, which keeps records of corrections between examination periods, reported to the Children's Bureau in 1945 that of the 36,666 children found to have visual defects in one examination only 7,452 had had corrections by the time of the next examination. Of the 8,555 children with speech defects in the first examination, only 510 had received treatment when the next test was made.

With all the will in the world to provide well for their children, many parents cannot afford the kind of health and medical care needed to correct or relieve handicapping conditions in their children. Public consideration of the responsibilities of local, State, and Federal Governments in ensuring a complete range of health services for school-age children is urgently needed. These services must take into account the physical, mental, and emotional health needs of such children.

Academy Study

Until the American Academy of Pediatrics initiated its survey of child health services in 1946, no Nation-wide study had ever been made of the amount of medical care children were receiving both from private and public sources. Although the final reports of this history-making study have not yet been released, preliminary results provide some valuable observations on the status of health services and facilities for the children of this country.

Undertaken cooperatively by the Academy of Pediatrics, the Public Health Service, and the Children's Bureau, the survey has

not only resulted in new basic data. It also has brought about an increased understanding of the mutual problems and responsibilities of public and private health workers.

The study gives a quantitative measure of the deficiency in health services for children. It was found, for example, that the children in one State receive almost three times as much medical care as the children in another State. The health handicaps of the rural child, as against those of the child living in or near cities, can now be measured in numbers of physicians, dentists, community health services, and hospital beds available when needed. Differences in health resources for Negro and white children can now be documented. In Alabama, three times as many white as Negro children, in relation to their numbers, are cared for in hospitals in a year.

Much of the health care of children in the United States, it is well known, is carried on by the general practitioner. Now there is a measure of this care. Out of 100 child visits, 75 are by general practitioners, 12 by pediatricians, and 13 by other specialists. More than had been realized, general practitioners are giving preventive services as well as treatment in illness. One out of four visits by children to general practitioners is for well-child care.

Where private care is meager, community health services, too, are underdeveloped. Deficiencies are especially marked in school health services. Of the 3,000 counties in the United States, 1,543 have no public elementary school in which a physician gives a health examination. Five million children 5 to 14 years of age live in these counties.

Good care and low mortality among infants and older children follow closely income differences between the States. Both are best in the States with the highest incomes. Here is evidence again of the need for measures to help the States to assure children everywhere equal opportunities to acquire and retain good health.

Services to Hospitals

New trends, important in the care of mothers and children, have developed as States have taken advantage of their opportunities for planning under the Hill-Burton Hospital Survey and Construction Act of 1946. States are coming to see the importance of eliminating unnecessary multiplicity of institutions; of relating size of institution to the population to be served; of developing teaching centers in the large, central hospitals, with radiating and peripheral rural hospitals; of rotating internes, residents, and nurses from teaching centers to the smaller outlying hospitals; of making laboratory service available from central hospitals to smaller ones; of developing increased convalescent care facilities as part of hospitals, rather than separate entities; of

increasing social service, occupational therapy, and recreation for in-patients and other allied services for institutional care; and of building up closer relationships between hospitals and public health programs.

These developments, once they become concrete in operating programs, can mean better obstetric and pediatric consultation for mothers and children. Children in backward areas should have hospital services which are now denied them. Specialized care for handicapped children in institutions, especially those with cerebral palsy, orthopedic defects, and rheumatic fever, should be easier to plan and provide.

The principle that public agencies obtaining hospital services for patients should pay the cost of rendering those services is now generally accepted by hospitals. Groundwork for this principle was laid under the crippled children's program, in the uniform formula for computing costs on a per-patient day basis which the Children's Bureau developed with the advice of hospital administrators. Increasingly since 1942, hospitals furnishing care to children under this program have been reimbursed on such a basis. Under the emergency maternity and infant care program, which started in March 1943, nearly 90 percent of the hospitals of the country accepted "EMIC" patients on this basis. The size of that program alerted many hospitals to the need to be reimbursed at cost for all patients receiving public care. Some State hospital associations have gone on record in favor of requiring full payment of cost by all public and private agencies. The American Hospital Association has recommended to its members that they use the uniform formula for computing cost in making charges to such agencies. States cooperating in the Federal-State vocational rehabilitation program adopted the uniform formula when starting their physical restoration services. More recently, the Veterans Administration and the National Foundation for Infantile Paralysis have put it to use.

Mounting deficits in the postwar years have undoubtedly added to the determination of hospitals to be reimbursed for their services by public and private agencies. A study of costs in nonprofit, governmental, and proprietary hospitals, made by the Bureau during the past year from cost statements furnished by hospitals to State agencies, showed that the average cost per in-patient day in 1,200 hospitals in 1946 was approximately \$9. This figure has probably increased since then.

DEVELOPMENTS IN CHILD WELFARE SERVICES

The American ideal of a secure, healthy, and invigorating family life for every child, from birth and throughout his growing years, is

not always achieved. Some families may lack an income that will buy even a minimum subsistence. Some parents—themselves immature or crippled emotionally or physically—do not know how to make a good life for their children. Parents die or separate, and new provisions must be made for their children.

To build a wholesome family life, all parents need resources outside themselves. Good schools, libraries, and churches, good playgrounds and recreation facilities, good hospitals, clinics, and health services are only a few of the community tools they must have for their children. Parents living in poor communities often lack these tools.

Traditionally, when parents or communities have failed their children, or when children themselves have presented special emotional or social problems, neighbors have stepped in. But often not even good neighbors are able to give the help that is needed. That is why social agencies, public and private, have developed. The help they bring may be financial. It may be something much more intangible, but none the less potent: the skill, understanding, and imagination that come from special training and intensive experience in meeting the problems of children.

From the early days of our country, a great many individuals and private organizations have cared for dependent, neglected, and delinquent children. Over the years, however, government—local, State, and Federal—has taken an increasing responsibility for such children. With the passage of the Social Security Act in 1935, the Federal Government's responsibility for helping States and communities in "establishing, extending, and strengthening" their child welfare services was clearly recognized.

Public welfare services cover a broad range of functions: to strengthen family life; to prevent serious problems that may have a lasting effect on a child; to protect and care for children whose well-being is in serious jeopardy or whose parents are unable to give them adequate care. These functions are administered as part of the programs of public welfare agencies that also have the responsibility for giving financial assistance to needy families. However, two-thirds of all the children receiving help from State and local child welfare services in 1947 were in homes in which no person was receiving public assistance.

Before the child welfare program of the Social Security Act got under way, only about half the States had a child welfare division within their public welfare departments. Many States had no department of welfare except a relief organization. Today all States, Territories, and the District of Columbia have well-established departments with child welfare functions.

The report that follows on child welfare services necessarily must

concern itself with developments in public services. No over-all picture is available of the valuable services that private organizations and agencies are giving to better conditions for children. One of the great lacks in the social welfare field is an annual stock-taking of the services of all such groups. The Children's Bureau, aware of this lack, laid the groundwork in 1948 for a new system of reporting which will provide an unduplicated count of all children served by all public and private agencies and institutions within a State. All States will be asked to report data for the calendar year 1949.

Services to Children in Their Own Homes

Historically, child welfare services grew out of the child's need for care after some family or personal calamity had happened. Now, child welfare services are more and more reaching out to families before their problems become acute. Missouri, for example, reported an increase in 1947 of 52 percent in the number of children served in their own or relatives' homes. New Mexico reported a 27-percent increase. Some 40 percent of all the children served by State and local child welfare workers during 1947 were living with parents or relatives.

Homemaker service, as a method of preventing the break-up of families and ensuring good care to children when the mother is ill, is getting more attention in the States. Private agencies in some of the larger cities have provided such service for many years. Other agencies, in increasing numbers, are initiating programs. Projects in rural areas received help from Federal funds for child welfare services.

Services to Unmarried Mothers and Their Infants

An increasing number of States and communities during 1947 and 1948 examined their services and facilities for unmarried mothers and their babies. In at least 16 cities, private and public agencies have joined together in communities under councils of social agencies to strengthen their services. A few States are now using child welfare funds to employ trained case workers for service to the unmarried mother. Services and facilities for unmarried mothers and their babies in minority groups, however, particularly for Negroes, are still very inadequate.

Confidential Birth Records

During the year the Bureau worked with the National Office of Vital Statistics on the problem of better procedures for birth registration of children born out of wedlock, children of unknown parentage, and

those who are adopted. A proposed agreement on standards of birth registration practices was presented for approval to the American Association of Registration Executives and then sent for comment to all State registrars of vital statistics.

One of the methods of protecting the confidential nature of birth registration data already adopted by a number of States is the "birth card," which gives only the name, date, place of birth, and the birth certificate number. For most practical purposes, this is all that an individual needs to establish his identity and age. Sixteen States do not require illegitimacy to be reported on birth certificates. Other States require illegitimacy to be reported but place the item on a supplementary part of the certificate, where it will not be reproduced.

Reporting illegitimate births, many believe, is a practical way of getting information useful in planning health and welfare services needed by some unmarried mothers and their children, and for ensuring that these services are provided in a manner that will not prejudice the situation of the mother. At the same time, it is recognized that great care must be taken to see that such information cannot be used to the detriment of the individual.

Services to Children Outside Their Own Homes

Many children coming to the attention of public child welfare agencies cannot be cared for in their own homes. For some, temporary or permanent foster homes must be found. Some must be cared for in institutions. Others need day care services. Finding the best possible individual or group care for a child requires a high degree of skill and experience, both to repair any damage that may have been done to the child and to assure the greatest possible opportunity for his future growth and development.

For a long time, social workers have held that most children who cannot be cared for in their own homes thrive better in a foster-family home than in an institution. Over the years there has been a fairly steady shrinkage in the proportion of children placed in institutions, with a corresponding increase in the proportion cared for either in their own homes or in foster homes. Emphasis is shifting to the use of institutions for specialized types of group care and service. Both foster-family and institutional care, however, should be available to meet the various needs of children in the community.

Through their programs for licensing institutions, child placing agencies, day care centers, and foster homes, many State public welfare departments are moving toward better standards of care for children. During the past year, several States have been revising standards for licensing. Recently adopted standards are recognizing

the importance of the emotional and social, as well as physical, needs of children. With the expansion of public health services, institutions and agencies are making increasing use of medical, nursing, and nutrition consultants. During 1948, several State public welfare departments developed closer working relationships with State health departments.

These and other developments indicate the increasing importance of State public welfare leadership in the development and maintenance of legal and administrative standards for agencies and individuals providing care to children outside their own homes.

Two serious problems facing many agencies throughout the year in providing foster-family care were the mounting cost of living and the housing shortage. As costs rose, foster families naturally required more money to support the children for whom they were caring. To keep pace with these demands, many agencies had to request increased funds. For some agencies, the only solution was to reduce the number of children for whom they assumed responsibility. The housing shortage had a double impact on foster-home programs. It not only contributed to family breakdown, and so increased requests for foster care; it also made finding foster homes extremely difficult in many areas.

Study and treatment homes.—Some children cannot, because of emotional and psychological difficulties, develop warm relationships with foster parents. There is also the withdrawn child, the child with symptoms so disruptive that the normal family home cannot tolerate his behavior, the one whose own home situation is so highly charged emotionally that it is impossible to get at his problems in a family setting. For these children, study and treatment homes are being developed with specialized staffs. While the number of children now served by such institutions is believed to be less than 500, there is a growing interest in their development.

Temporary foster homes.—Some public programs of foster-family care cover the State; others are limited to a few counties. In some States, funds can be used for any child needing care; in others, funds are available only for special groups such as children committed by juvenile courts or those placed from State institutions. Available foster homes are still far from equal to the need, especially for children in minority groups, children with behavior problems or physical or mental handicaps, and children in need of emergency care.

1948 was the first full year of operation of a new regulation permitting States to use Federal child welfare funds for the temporary maintenance of children in foster families. Twelve States took advantage of the new regulation by budgeting Federal funds for

foster family care; seven, for subsidized foster homes; three, for foster family care for unmarried mothers and their babies; four, for babies awaiting long-time arrangements; and one, for the temporary care of dependent children.

Adoptions.—Great public interest was expressed in 1947-48 in problems of adoptions, particularly the "black market in babies." There have always been more adults in the United States who wanted to adopt a baby than there were babies for adoption. No child welfare agency can stabilize that equation, but they all have a concern in safeguarding the adoptions that do take place. A very strong tendency has developed throughout the country to encourage the use of child-placing agencies for all adoptions.

Many States have been improving and modernizing their adoption laws and procedures. In 1947, 22 State legislatures and two Territories passed laws on this subject. Many of these laws were in accordance with recommendations made in the Children's Bureau publication, *Essentials of Adoption Law and Procedures*. No report is available on action taken by the few legislatures meeting in 1948, but some States reported administrative improvements made in the field of adoptions.

Day care.—During the war, day care centers for children of working mothers developed rapidly with Federal aid under the Lanham Act. With the end of the war and the termination of Lanham Act support, many of these centers have disappeared, despite the fact that more mothers with children are employed now than before the war.

In 1947 there were still five States where public funds were supporting day care programs. In California, Washington, and Massachusetts, funds came through State boards of education. New York contributed to day care services through its State Youth Commission. Support in the District of Columbia came through the Board of Public Welfare. New York withdrew State funds at the end of the year except for children of migrant workers. The Massachusetts program, supported by State funds, was limited to two community projects, and in the District of Columbia the number of centers was reduced in 1947 from 12 to 6.

A few scattered cities continued to provide some public funds for this service—Philadelphia and Baltimore, through boards of education, and Denver and Detroit, through departments of public welfare. New York City, in 1948, continued with municipal funds its 94 day care centers which had been getting help from the State. Programs, financed privately, were in operation in many large cities, but in no city are services, public or private, adequate to the need.

The Children's Bureau published *Mothers for a Day* as a help to

States in their future planning for foster-family day care of children of working mothers.

Juvenile courts.—A significant drop of 15 percent occurred from 1945 to 1946 in the number of juvenile delinquency cases disposed of, officially and unofficially, by 94 courts throughout the country. The decrease was most marked for boys' cases and in courts serving large urban areas. The proportion of girls' cases continued low.

Juvenile courts deal not only with delinquency cases but also with neglected and dependent children. An analysis of 92,000 cases disposed of by 220 courts in 17 States in 1946 showed that 73 percent concerned delinquency; 27 percent were dependency, neglect, and special proceedings cases. Much of the work of these courts did not require formal judicial action; less than half the cases were disposed of by such action, and the rest were dealt with informally.

Detention care.—For several years, public and private associations have decried conditions in the country for the care of children detained for court action. In this modern age, it is shocking to the consciences of many people that any child could be held in jail, often with little separation from adult criminals, for considerable periods of time. A few gains were made in 1948. In rural areas, some of the States reported considerable progress in assisting juvenile courts to use subsidized foster homes for detention services.

Training schools for delinquent children.—Some 20,000 children are committed each year to public training schools. The large number of requests for service received by the Bureau during the fiscal year are evidence of a widespread effort to improve the care given children in both public and private schools. Committees concerned with the administration of training schools were active within at least 11 States. In several States these committees are proposing legislation to achieve better coordination of the entire treatment program for delinquent children. Variations of the model Youth Authority Corrections Act have been adopted by Wisconsin, California, Minnesota, and Massachusetts. Major problems confronting training schools, in their efforts to establish improved programs, are lack of trained personnel and inadequate financial support. Restricted budgets have made it difficult to employ better trained personnel or to extend services.

Guardianship of Children

Fundamental and far-reaching reforms in legislation and in social agency programs and practices will have to be made if children are to be protected from the neglect and maladjustment that sometimes result from too casual transfer of legal responsibility. That is

the conclusion drawn by the Children's Bureau from a study, made in 1947 and 1948, of guardianship laws and procedures in six States. This study is already stimulating interest and questions which should be reflected in the years ahead in bringing State guardianship laws and procedures into harmony with modern principles of child welfare.

Existing guardianship laws of most States are old and outmoded. They no longer serve to protect the person and property of children. Many thousands of children who lose their parents, or are otherwise deprived of parental supervision and care, are left without anyone legally responsible for them. When guardians are appointed, many appointments are made without sufficient understanding of the child's needs or sufficient inquiry into the competence of the guardian to meet these needs. Court supervision of guardians of the *person*, as distinguished from the *property*, of a child is practically nonexistent; but supervision even of guardians of a child's estate is generally inadequate. For many children the appointment of a guardian of estate is a meaningless, wasteful, and expensive procedure because the amount of money involved is small and the appointment is given to a parent who is subject to little control or supervision from the court.

GRANTS-IN-AID IN 1947-48

In August 1946, Congress almost doubled the grants that could be given to the States under the Social Security Act to help them extend and improve their health and welfare services for children.

From 1939 to that date, grants for these purposes had totaled each year \$11.2 million. When the increased appropriation of \$22 million became available, the States had already laid out their 1947 plans on the basis of the lower figure. All States and Territories eagerly welcomed the increased help. But dollars in Washington do not suddenly translate themselves into a well-baby clinic at Crossroads, New Laska, let us say. It takes time to modify plans, find personnel, and get programs into operation so that the extra dollars can show up in extra services for children. The report that follows covers the calendar year 1947, a year of transition from the old to the new levels of Federal aid. Not until the calendar year 1948, or later, will the full effect of the new appropriations show itself in increased services to children.

The Children's Bureau, under authority delegated by the Federal Security Administrator and the Commissioner for Social Security, is responsible not only for approving State plans but also for seeing that the requirements of title V of the Social Security Act are met. In 1947 all 48 States, the District of Columbia, Alaska, Hawaii, Puerto Rico, and the Virgin Islands received grants for all three programs.

Maternal and Child Health Services

Of the \$22 million authorized annually for all three programs, \$11 million is earmarked for maternal and child health services. Each State's share in this total is affected by the number of its live births in relation to the total number of live births in the country, by the State's need for help in providing services, and by its rural child population. To take full advantage of the Federal grants, States must match half of the \$11 million. Part of the remaining half is used for special projects of Nation-wide significance and to meet emergencies.

Most of the services provided by State and local health departments for mothers and children are health promotion services; that is, they are designed to help well mothers and children keep well. In limited ways, almost all the States also provide treatment for some expectant mothers and sick children. Typical health promotion services are prenatal clinics, public health nursing services, well-child clinics, immunization, and examinations of children of school age by physicians and dentists. The record of services in 1947 under this grant-in-aid program shows substantial gains during the year.

Census of services.—Nationally, the number of mothers who received prenatal medical service, provided under the supervision of State health agencies, increased from 131,000 in 1946 to 152,000 in 1947. About 234,000 mothers, or 1,000 more than in 1946, received nursing services during pregnancy, more than 40,000 received postpartum medical examinations, and 215,000 received postpartum nursing service.

A total of 561,000 infants and preschool children attended well-child clinics in 1947, a gain of almost 1,000 over the 1946 record. Public health nursing services reached more than 1,010,000 infants and preschool children, as compared with 957,000 in 1946. Physician's examinations of school children numbered 1,862,000, as against 1,605,000 in 1946. Public health nursing visits totaled 2,200,000 for school children, a decrease of 14,000. Reports on immunizations show an increase for diphtheria and a decrease for smallpox. About 55,000 preschool children and 1,600,000 school children received inspections by dentists or dental hygienists in 1947, as compared with 50,000 and 1,110,000, respectively, in 1946.

Reports from organized health units in 45 States and the District of Columbia, serving 74 percent of the population of the continental United States, show that medical maternity clinics were held at least monthly in 1,744 centers in these areas in 1947. Medical well-child conferences were held at least monthly in 3,481 centers. Corrective dental service was provided to preschool children in 335 counties or cities and to school children in 525. These services were provided on

a free or part-pay basis by official health agencies, other official agencies, or voluntary agencies.

Special projects.—Additional grants are made by the Children's Bureau for projects which, because of their character, scope, or training aspects, have regional or national significance. Several States, for instance, provided medical and hospital care for a few maternity patients in demonstration projects which were financed in part with Federal funds.

Five States gave complete medical and hospital care for a limited number of premature infants. Several other States had less complete services for premature infants. Some States were providing Rh blood typing for maternity patients—a new trend in maternal and child health programs.

For the preschool child, a special project was developed during the year in Massachusetts to provide data on the cost of providing all medical services needed by children of war veterans attending Harvard University. A project for complete pediatric care for children in one small area in Washington, D. C., was operated with Federal funds. Three States provided complete dental care to children in limited areas.

Services for Crippled Children

Federal grants to assist in the development of services for crippled children total \$7.5 million a year. States share in this amount according to the number of children under 21 years of age. The division of funds also reflects the financial need of each State for assistance in carrying out its program and the relative size of its population of rural children. As in the maternal and child health services, to take full advantage of the Federal grants the States must match half of the \$7.5 million. A portion of the remaining unmatched half is reserved for special projects.

All States provide a range of services which includes locating crippled children; diagnosing their crippling condition; maintaining a register of crippled children in the State; providing or locating skilled care for them in hospitals, convalescent and foster homes, and in their own homes; and cooperating with agencies and professional groups concerned with the care and training of crippled children. Because no State has funds sufficient to do this comprehensive job for all handicapped children, all States necessarily have to restrict some services to certain areas or groups of children—most commonly those with handicapping conditions that require orthopedic or plastic treatment.

The number of children on the different State registers varies widely. A child is eligible for registration if he has a type of crippling for which,

according to the State plan, children may be accepted for care by the official State agency, and has had his crippling condition diagnosed by a licensed physician. Since the beginning of the Federal grant-in-aid program, the number on State registers has increased as State programs have developed. Some States, however, do a much more thorough job of registration than others, and some are more careful in clearing their registers of children no longer eligible for care under the program. In Georgia and Texas, the children on State registers represented 4.7 out of every 1,000 children under 21 years of age; in the District of Columbia the proportion was 24 per 1,000. A relatively low State rate usually reflects incomplete registration rather than low incidence of crippling among the children of the State.

At the close of 1947, 474,000 children or an average of 9.6 per 1,000 population under age 21 were registered under the program. In 1946 that proportion was 9.1. Approximately 168,000 children received one or more types of service during the year from official State crippled children's agencies, as compared with 153,000 in 1946. Additional numbers of children were, of course, under care of private physicians and other agencies, though to what extent is not known.

Children receiving diagnostic or treatment service at clinics totaled nearly 120,000 in 1947, as against 106,000 in 1946. In 1947, 29,000 children were hospitalized, 4,800 received convalescent-home care, and more than 850 received foster-home care. Approximately 1,300,000 days of care were provided in hospitals, 470,000 in convalescent homes, and 89,000 in foster homes. The gap between the number of children needing care and the number receiving it is still great and will continue to be so until additional funds are appropriated.

Special projects.—During the year rheumatic fever programs were approved in three additional States, making a total of 25 States that have programs for the care of children with this disease. In only five States do the programs cover the entire State. Of the total Federal grants for crippled children, \$1,097,000 went to these 25 programs. All 25 States wish to extend their programs, and nine others have indicated their desire to start this service as soon as funds are available.

While almost all States are interested in providing services for children with cerebral palsy, only 12 have been able to organize even a limited program. Few States can provide the coordinated clinic and hospital service that assures the variety of care needed. Federal grants of \$264,000 in 1947 helped eight States operate special projects, two of which were started that year. Nine additional States were planning to get programs started as soon as funds might become available.

Nine States had programs of service to children with impaired

hearing; five were developed as special projects with the help of \$89,000 in Federal funds. Four States are asking for more funds to establish such services.

All States provide some type of service for children with poliomyelitis. Approximately 90 percent of such patients are under 21 years of age. Nearly all States report an urgent need of more money for the care of children with many kinds of crippling conditions. In April 1948, State crippled children's agencies said they could use for such children \$6,253,000 more than they now receive from the Federal Government.

Personnel employed by State programs.—The great bulk of the Federal grants is used by the States to employ professionally trained people. In 1947, the States reported that they had about 1,500 full-time personnel assigned to maternal and child health and crippled children's services. In addition, many part-time clinicians were employed under the programs, but how many is not known. The number of positions for nurses, medical social workers, nutritionists, and physical therapists has increased from year to year.

The crying need in all kinds of public and private health services for children is for more and better trained personnel. Public services are particularly handicapped by the acute shortage of physicians and nurses, of medical social workers and nutritionists, and of graduates in physical therapy and occupational therapy. Although more professional schools are being developed than before the war, there are still not enough to produce sufficient graduates to meet increasing demands.

In part, this shortage in personnel may be due to the inadequate remuneration as compared with other types of work requiring less expensive training. During the past year, the position of professional workers in public health programs has deteriorated financially. It has become obvious that unless financial assistance is forthcoming in substantial amounts—both to individual students and to institutions for expanding and improving training—health services and medical care for mothers and children will not only fail to keep pace with the increase in numbers of children to be served, but will be blocked from improving the quality of care that can be given.

State health agencies are now using a substantial portion of their Federal grants for the training of personnel. Of the \$18.5 million available from the Federal Government for maternal and child health and crippled children's services, about \$1.5 million was used in the fiscal year 1948 for this purpose. Approximately half this amount went for stipends, tuition, and travel of trainees—physicians, nurses, dentists, medical social workers, nutritionists, physical therapists, and

others. The other half was expended in developing graduate courses at educational institutions.

Postgraduate courses in the maternal and child health field, for instance, were expanded and strengthened at the following medical schools: the University of Arkansas, for the Department of Pediatrics; the University of Colorado, for a premature infant care and training program; Louisiana State University, for a premature infant training center; Meharry Medical College, for medical and nursing postgraduate training; the University of Nebraska, for postgraduate pediatric and obstetric training. Public health courses in maternal and child health were strengthened at the Harvard School of Public Health, Johns Hopkins School of Hygiene and Public Health, and the University of California School of Public Health. Nurses training, especially in the fields of advanced pediatric or maternity nursing, was supported at the following universities: Wayne, Indiana, Boston, Columbia, Cincinnati, and Vanderbilt. Training of dentists, especially for work with children, received financial assistance at the University of Tennessee and Meharry College. Medical social work programs at Tulane and Chicago Universities were strengthened. At Western Reserve University, provision was made for the supervision of field training for postgraduate nutrition students.

Local health services.—Public health programs of a specialized nature cannot be advanced materially except within the context of broadly conceived local health services. The local health officer and his staff constitute the core of a sound and effective program for maternal and child health. During the year, the Children's Bureau has added its support to that of the Public Health Service, the American Public Health Association, the National Congress of Parents and Teachers, and other groups in stimulating the expansion of local health services in as many counties as possible throughout the country. There were 1,874 counties with full-time health organizations in the fiscal year 1947 and 1,958 counties in 1948. More than 1,000 counties are still to be reached, however.

Liquidation of the Emergency Maternity and Infant Care Program

By direction of Congress, the fiscal year 1948 saw the beginning of the end of the emergency maternity and infant care program—the biggest public maternity program ever undertaken in the United States.

The Nation owes great gratitude to the tens of thousands of physicians, the thousands of hospitals, and all the State health departments whose unstinting and untiring help made this program work effectively in saving lives of mothers and infants, in giving these

children the best possible start in life, and in building and maintaining morale among the armed forces. The operation of the program gave many workers unique and invaluable experience in meeting the medical care and health problems of mothers and infants.

From its beginning through the end of June 1948, care was authorized for 1,453,000 maternity and infant cases. The peak load was in the calendar year 1944, when 488,000 cases were accepted. With demobilization the program began to slow down during the latter part of 1945. In the fiscal year 1947, new cases totaled only 151,000. Liquidation started July 1, 1947, and is to be completed by the end of June 1949. Only 33,000 new cases were authorized for care in the fiscal year 1948 and all maternity care had to be completed before June 1, 1948. All care for eligible infant cases must be provided before April 20, 1949.

From March 1943 to July 1947, the entire program cost about \$125 million. For the 2 closing years, a total of \$3 million was provided. As the cost of providing service continued to increase, average costs of individual cases rose, to about \$100 for maternity cases and about \$70 for infant cases.

Child Welfare Services

Grants to States for extending and improving child welfare services account for \$3.5 million of the annual \$22 million authorized for all three health and welfare programs. States share in this amount according to the proportion of their rural population to the total rural population. Each State or community must assume some of the cost of the services in rural areas, although no fixed amount of Federal funds must be matched.

At the end of 1947, about 230,000 children were receiving child welfare services from State and local public welfare agencies. About 41 percent of the children served were living with parents or other relatives; 40 percent were in foster-family homes; 19 percent were in children's institutions or elsewhere. Federal aid represented a small part of State and local resources devoted to the care of these children.

Wide variation exists among the States in the proportion of the child population that receives services. No data are yet available for 1947, but in the preceding year the average for 42 States showed that 5 out of every 1,000 children were helped. In individual States the number ranged from 1 to 18 per 1,000. In general, these variations reflect the level of development of child welfare programs and the adequacy of services. A high rate, however, does not necessarily indicate a well-rounded service program. Proportionately more Negro than white children were served in the North and West, but

proportionately fewer Negro children in the South. However, since 1944, progress has been made in providing services to Negro children in the South. From 1944 to 1946, 11 Southern States reported a 20-percent increase in the number of Negro children receiving service, as compared with a 2-percent increase for all children served in those States.

Personnel employed in State programs.—On June 30, 1947, approximately 3,200 full-time child welfare employees were reported by 53 States, Territories, or possessions. Salaries of not quite one-fifth of these workers—or 694—were paid in whole or in part from Federal child welfare funds. An additional 3,400 workers, who were primarily responsible for other welfare programs, devoted part of their time to child welfare. Federal child welfare funds contributed to the salaries of 89 of these part-time workers. Compared with 1946, the full-time child welfare staff was 12 percent larger in 1947. Full-time case workers accounted for three-fourths of this increase. Although progress has been made in extending services to rural areas, child welfare case workers are still concentrated in a relatively small number of States and in urban areas. In 1947, one-half were in seven States, and 44 percent were working in 62 counties with cities of 100,000 or more.

Child welfare services, like child health services, are tremendously hampered by the lack of enough and sufficiently well-trained workers. Many States have had to make the professional training of workers a top item in their programs. Fifty States, Territories, or possessions budgeted \$600,000 of Federal grants in 1947-48 for training of professional staff.

More Federal funds were used for staff development in the fiscal year 1948 than for any other single part of the child welfare programs. Twenty-seven States, as against 10 in 1946-47, included supervisors or consultants of training in their budgets; 48 granted educational leave for staff members, and nine arranged for a supervisor to give full time to students from schools of social work who were doing field work. Training institutes and conferences were held in 44 States. A number of the States put into practice a combined program of in-service training and study.

To help develop policies in this area, a committee of representatives of schools of social work and State welfare agencies has served in an advisory capacity to both the Children's Bureau and the Bureau of Public Assistance. This committee has recommended that State grants for training should include tuition and travel to and from school, as well as maintenance at school. This policy is rapidly being adopted by State agencies.

Cost of training is not the only factor, of course, that discourages an increase of workers in this field. Salary rates in these days of high living costs are meager indeed. While median salaries of child welfare case workers rose from \$2,150 in 1946 to \$2,400 in 1947, the general level remains too low to be sufficiently attractive to many potential workers.

Basic public welfare.—Encouraged by Federal grants, child welfare services have grown step by step, although they still are limited or lacking in many areas. The need for comprehensive public welfare programs, of which child welfare will be a part, grows more apparent. The basic local unit should be a welfare agency with broad responsibility for services to families and individuals, and for the specialized services needed for children either within the unit or accessible to it. This kind of program is not yet the universal pattern throughout the country. Undoubtedly, the Federal Government could speed its growth through a general program of aid to State welfare agencies for comprehensive public welfare services as well as for public assistance. The States themselves, by reorganizing their welfare services and modernizing their laws, could do much more to pull their various welfare programs together.

RESEARCH AND REPORTING

Almost anything that occurs in the economic, social, physical, and cultural life of our people may affect the "welfare of children and child life," which the Bureau is directed to investigate. Since the Bureau must work within the limits of its personnel and budget, it must necessarily be highly selective of the areas in which it does its investigating and reporting.

Most of its own research in the fiscal year 1948 was of the general category known as "operational"—the observation and study of the ways in which the many private and public health and welfare services in the country operate to meet the needs of children. The results of these studies show up in developments already reported.

While undertaking little "basic" research during 1948, the Bureau sponsored a series of conferences which brought into focus both the advances made by others working in the field of child growth and the need for a greatly accelerated program of study. Small groups of outstanding leaders in the biological, physical, psychological, and social sciences that bear on problems of child development attended these conferences. They were asked such questions as these: What research in child life is now going on? On what aspects of child growth and development and of community life in relation to children is research most needed? What are the major obstacles in the way

of research? What next steps should be taken? What contributions can the Children's Bureau make in this field?

The group discussions by the conference groups touched upon a great variety of aspects of child life on which research is urgently needed. But again and again they came back to one major theme, described as "our colossal ignorance of how to bring up children." It was emphasized that we have little accurate knowledge of what parents in the different cultural groups of the Nation want their children to be; of the methods they use in guiding their children into these patterns; or of the effects of various child-rearing practices on the personality of the child. There is need for study of the child in relation to the social group in which he lives, and of the consequences that different experiences have on the development of personality. Only through such studies can a full understanding be obtained of the factors that result in a well-adjusted individual, as opposed to those that result in warped personalities, "problem" children, and delinquency.

As a practical approach to such research, basic research is needed, for instance, on changing patterns of family life and their significance for children and for social services, education, and public policy; variations in cultural patterns of child rearing; personality and environmental factors behind various kinds of child behavior; psychological relationships between parents and children; and problems of maternity and early infancy. Such studies require the coordinated efforts of students of medicine, psychology, psychiatry, anthropology, sociology, nursing, social work, education, economics, and other sciences.

Research in child life, it was pointed out, is at present held back by a lack of trained personnel and of financial support. Money for additional research activities would tend to relieve the shortage of trained personnel, since the best training is actual participation in research under a well-qualified leader. Provision needs to be made for the budgeting of research over a sufficient length of time to justify people going into it.

Specific contributions to research in child development which the conference groups agreed the Children's Bureau should be in a position to make included the following:

Broadened activity as a center of information related to child life, through: (1) providing a "clearing house" for information on research now going on in universities, schools, child welfare stations, organizations, and other research centers throughout the country; (2) publishing an annual "basic data book" that would collate essential information relating to child life and to programs of service for children; (3) promoting conferences at which research workers from the various

scientific fields may meet and broaden their understanding of problems and of the contributions being made in related fields.

Financial assistance to research projects, conducted by public and private groups, as well as to individual research workers, through Federal grants-in-aid.

Original research and investigations that require study on a Nation-wide scale or that have Nation-wide significance to State and community programs for children and mothers. The Children's Bureau, it was pointed out, is in the best position to set up studies that require cooperation of many scientific disciplines or coordination of studies in scattered geographic areas, since universities and other research centers lack the necessary coordinating facilities. To guide it in the type of research activity outlined above, the Bureau was urged to appoint an advisory committee relating to research in child life.

These recommendations represent a strengthening of the Bureau's responsibilities, rather than a departure into new fields. For many years the Bureau has conducted studies of the economic, social, and health factors in infant and maternal mortality which have become the basis for the development of services, both within and without the Federal Government, and have contributed to reducing infant and maternal mortality rates. Its study of pediatric nursing, completed in 1948, identified for the first time the special elements that go to make up good nursing care of children. The findings from this study are already influencing the curriculums of schools of nursing.

As a center of information on child life, the Bureau is called upon to report in many different ways: through popular publications for parents, technical publications for professional workers, contributions to popular magazines, representation on committees and attendance at conferences, correspondence, and personal interviews with individuals and agencies.

Through its publications and other forms of information, the Bureau is attempting to fulfill its responsibility to provide as many people as possible with the best that is known about the principles of physical growth and also the emotional, mental, and social development of children.

One index of the volume of request for service is the number of letters received each year. In 1947-48, they totaled 314,255, an increase of more than a third over the number in 1946-47. Many of these inquiries can be answered by the bulletins and leaflets that the Bureau publishes. In all, 2.1 million publications were mailed out in response to requests, the same number as in the preceding year. In addition to the 1,040,000 copies of *Infant Care* made available by the Bureau, the Superintendent of Documents sold almost a million copies. During the year, *Prenatal Care* was entirely rewritten;

the new edition will be ready for distribution in the fall of 1948. A new bulletin, *Your Child from Six to Twelve*, was written and sent to press. This completes the series of Bulletins for Parents, spanning the life cycle from pregnancy through adolescence, which have long been the Government's best sellers.

NATIONAL AND STATE PLANNING FOR CHILDREN

Interdepartmental Committee on Children and Youth

In April 1948 the President asked the Federal Security Administrator to arrange for an Interdepartmental Committee on Children and Youth and to serve as its chairman. The President expressed the hope that the Committee would aid in developing appropriate working relationships among Federal agencies concerned and between the Federal Government and State commissions or committees on children and youth, and would assist the Children's Bureau in cooperation with appropriate national, State, and local organizations in laying the groundwork for the 1950 White House Conference on Children. The membership of this Committee includes representatives of the Departments of Agriculture, Interior, Justice, and Labor, the Federal Security Agency, the Housing and Home Finance Agency, the Administrative Office of the United States Courts, Veterans Administration, the National Military Establishment, and the Selective Service System. A representative of the Bureau of the Budget serves as consultant to the Committee. Associate members have been appointed from the constituent units of the member agencies whose programs relate to services for children and youth. The Chief of the Children's Bureau is serving as vice-chairman of the Committee, and a member of its staff serves as secretary.

The Committee is at work on a statement of objectives of the Federal Government with relation to children and youth and on exchange of information between the member agencies on current developments and problems in their respective programs.

State Planning for Children and Youth

During the year, outstanding progress was made in the development of State commissions and councils planning for children and youth. Such bodies, authorized by legislatures in 1947, were appointed and started work in nine States. In two others, new commissions were appointed under earlier laws. Six States organized comparable State commissions or councils, usually through the cooperation of State agencies and organizations and with the approval of or appointment by the State governors. Several more were in process of organization

at the close of the year, making a total of 32 States with such planning bodies.

While these State bodies differ in the scope of their responsibilities, they represent usually the cooperative effort of official State agencies, private agencies, and citizens' organizations to review programs for children and youth, to appraise their unmet needs, and to plan jointly for legislation and administrative measures to extend and improve services for children and youth. In several States, county committees are being formed to perform similar functions.

MIDCENTURY WHITE HOUSE CONFERENCE ON CHILDREN

Two developments in 1948 advanced the planning for a Midcentury White House Conference on Children, which had been recommended by the National Commission on Children and Youth in December 1946 and for which the Commission made specific recommendations at its January meeting in 1948. Congress appropriated to the Children's Bureau \$75,000 to be used in the fiscal year 1949 in laying the groundwork for such a Conference. The Interdepartmental Committee on Children and Youth and the National Commission on Children and Youth each named a subcommittee to constitute a Joint Interim Committee to assist the Children's Bureau in the initial planning for the 1950 Conference. These two developments gave support to the growing interest of citizens, professional workers, private agencies, and officials of State and local agencies in holding such a Conference for the purpose of considering what the second half of the twentieth century might be made to mean for children.

White House Conferences on Children have been held in each decade of this century. The proposed 1950 White House Conference has already stimulated community and State planning for children. Under the sponsorship of the National Commission, the Children's Bureau held a Conference on State Planning for Children and Youth in Washington at the end of March. This Conference was attended by representatives of State agencies and citizens' organizations from 46 States, the District of Columbia, Alaska, Puerto Rico, and the Virgin Islands. It was agreed that in each State and Territory there should be established a State-wide council, committee, or commission, representing voluntary and official agencies and organizations serving children. These State groups were urged to take the leadership in developing and carrying out a program of action in behalf of children preparatory to the Midcentury Conference. Since the March meeting, new commissions and committees have been created in a number of States. Assistance to such State bodies will be available through White House Conference staff members.

INTERNATIONAL COOPERATION

While concerned primarily with their own children, the people of the United States have realized increasingly that their future is affected greatly by the opportunities, health, and general well-being of the children of other countries.

Many developments in 1948 gave expression to this point of view and provided wider opportunities for international exchange of ideas and experience. These developments included, on the part of the Children's Bureau, cooperation in the activities of the United Nations and its specialized agencies; participation in inter-American conferences and assistance to Latin-American agencies; consultation with the Department of State and with United States military authorities responsible for areas under United States jurisdiction; and assistance to specialists from other countries visiting the United States for study and observation. Increased efforts were made to assure the protection and to safeguard the best interests of children living in areas under the jurisdiction of United States military authorities and of those entering the United States from other countries for temporary or permanent residence.

More than 250 professional workers from other countries, who came to the United States to study and observe services for children by public and private agencies, visited the Bureau during the year. Programs were worked out for such visitors, most of whom were sponsored by the United Nations and its specialized agencies, voluntary agencies in the United States, or home Governments and institutions. In developing the programs many public and private agencies throughout the country gave invaluable cooperation. The visitors, selected in most instances on the basis of their professional or technical achievements in their own countries, brought a rich background to their work here. As a consequence there have been reciprocal values for those who shared in these contacts.

The Children's Bureau gathers and shares with other organizations and individuals information about developments in other countries by means of translation and publication of foreign language material, special articles, and compilations. A report on juvenile court laws in foreign countries was completed and reproduced for general distribution during the year.

On January 27, 1948, the President signed the Smith-Mundt Act (Public Law 402, 80th Congress). When implemented by appropriations, this act will make it possible to extend to other countries of the world, on their request, the type of cooperative services now carried on by the Children's Bureau with the other American Republics under Public Laws 63 and 355 (76th Congress). This work was necessarily curtailed in 1948 because of reduced appropriations. At

the request of the Governments concerned, the United States specialists in public health nursing and midwifery spent some time working with official agencies in Ecuador and Mexico. At the request of the Government of Brazil, a child welfare consultant was assigned to assist that Government's National Children's Bureau in the training of staff for children's services in the States of Brazil. Grants for study and observation of maternal and child health and welfare services in this country were awarded to five specialists in Chile, Cuba, and Mexico, and a 1947 grant to a child welfare specialist from Paraguay was extended into 1948 to permit additional training at the University of Puerto Rico School of Social Work.

The fiscal year 1948 marked the transition of the United Nations International Children's Emergency Fund from the stage of preparation to that of operation. The Chief of the Children's Bureau serves as the United States member of the Fund's Executive Board, Program Committee, and Committee on Administrative Budget. The Associate Chief serves as technical adviser and as United States member of the Medical Subcommittee of the Program Committee.

As of June 30, 1948, the Fund had resources of \$85.2 million, of which \$32,795,833 had been contributed by the United States Government from an appropriation of \$75 million contingent upon matching by other governments in the ratio of 72 percent from the United States and 28 percent from other governments. Child-feeding programs were in operation in 12 European countries and were about to be inaugurated in China. Medical projects were being developed in cooperation with the World Health Organization and Danish and other Scandinavian organizations, with special emphasis on vaccination of children against tuberculosis. Only a small percentage of the seriously undernourished children and mothers in the countries receiving assistance could be reached with supplementary food through the programs made possible by the resources available to the Fund and cooperating governments. Plans were under way at the close of the year to extend the program of the Fund to Germany and a number of Far Eastern countries and to other areas as well.

International work in the field of maternal and child health was made one of the major items in the agenda of the newly formed World Health Organization. The Associate Chief of the Children's Bureau was a member of the United States delegation to the Fifth Session of the Interim Commission of the World Health Organization which met in Geneva in January, and one of the three official delegates of the United States to the First World Health Assembly which convened in Geneva in June.

The Ninth Pan American Child Congress met in Caracas, Venezuela, in January 1948. The Chief of the Children's Bureau served as

chairman, and the Director of the Bureau's International Cooperation Service served as secretary, of the United States delegation. The Bureau was represented at the June meeting of the Council of the American International Institute for the Protection of Childhood, held in Montevideo, Uruguay.

Notable international conferences held during the year, in which the Children's Bureau participated actively, included the Inter-American Congress of Pediatrics, held in Washington in July 1947; the International Congress of Pediatrics, which followed in New York; and the Fourth International Congress of Social Work, held in Atlantic City in April 1948.

At the close of the fiscal year 1948 the United States Committee for the Care of European Children, with which the Children's Bureau has worked since its inception in 1940, reported that it had 1,607 children under care. More than 1,300 of them were displaced children brought to this country in accordance with the President's Directive of December 22, 1945, which gave preference to orphans in admission to the United States under established immigration quotas. Throughout the history of this Committee, the Bureau has had responsibility for designating local agencies to which the children are referred for care and service.

EXTENDING RESEARCH AND IMPROVING SERVICES FOR CHILDREN

This report on the health and welfare of children in the United States leads to a number of challenging conclusions:

We have made, and are continuing to make, steady gains in our understanding of and skill in meeting the needs of children;

We have made, and are continuing to make, steady gains in saving the lives of mothers and children, and in putting more and better health and welfare services within their reach;

But much is still to be learned about the growing and learning processes in children, and about the causes and cures of physical, emotional, and social illnesses in childhood;

Right now, nevertheless, we have the technical knowledge and skills to give many more children than are getting it a good start in life. What holds us back from putting to work what we know is a great shortage of workers, a lack of facilities, and inadequate funds.

We can overcome these handicaps easily and be off to a new high of achievement for children, if we will use a larger share of our resources for children, give service for them a higher priority in our social planning, and recognize at every turn that the well-being of children is a public responsibility.

Any and every gain we make in the health and well-being of all the people brings its benefits to children. Any expansion of services by local health and welfare units means better health and welfare for children. Programs for increasing the numbers, improving the qualifications, and insuring better distribution of trained personnel for the general population also helps to move us toward better opportunities for children. The network of diagnostic centers, health clinics, and hospitals we plan for the Nation as a whole can be a valuable channel for services to mothers and children.

But human beings in the process of growing have special health and welfare requirements. The care, protection, and guidance they require are qualitatively and quantitatively different. Assuring these to all children is both a special problem and a people's responsibility.

The need to expand research in child life and services for children is urgent. Every preventable death of a child is an irreparable loss. Every untreated handicap is a waste of the substance of life itself. We do not want the best kind of care that is available to children in some communities denied to children in others. All should receive the best we know how to give. We must move ahead on three broad fronts.

Expanded Research in Child Life

In a world that our physical scientists are constantly expanding, today's children have greater need than ever for the kind of childhood that prepares them to live in harmony with other people of other kinds, with other traditions, with other religions, and with other social systems throughout the world.

While ever increasing funds are being spent for research in the physical sciences, only a pittance is available for explorations in the growth and development of children. Some \$625 million was spent in 1947 by the Federal Government for research purposes. Probably less than \$1 million went to projects directly related to child life. Our fund of usable knowledge from research in the physical sciences has heightened the need for more research into human relationships.

Two broad types of research in child life are urgently needed. One is studies that will increase our basic knowledge and understanding of the physical, emotional, and social growth and development of children. This calls for investigations into such subjects as the effect of cultural patterns in family life; the emotional development of the child; personality deviations in children and young people; physiological, social, and emotional aspects of feeding in the first year of life; parent-child relationships in early infancy and childhood; the effect of the customs and attitudes of the community on the child in

the family; the values of the group in the development of children; causes and correction of juvenile delinquency; and such specific subjects as the multiprofessional study of the causes and methods of treating cerebral palsy, epilepsy, and other crippling conditions.

A second category of needed research calls for: (1) studies that will provide information on how the newer knowledge in all the scientific fields can be made available to individuals who have the responsibility of giving care to children—natural parents, foster parents, and workers with children; (2) studies of the quantity and quality of health service and medical care currently available to individual mothers and children; and (3) studies that will provide public and private health, welfare, and other agencies, State and local, with tools for measuring the effectiveness of their services to children and with guides for improving them. This means research into the techniques and methods for ascertaining the health and social status of individual children; studies involving the application of knowledge to groups of children; the collection, analysis, and distribution of data on methods and practices of providing care and coordinating the several types of professional services required for normal children and for those suffering from handicapping conditions. It also involves the collection, analysis, and distribution of data on the amount and kind of medical care rendered to individual children; on the organization of service to provide adequate health and medical care to children of preschool and school age, and on methods of improving the quality of care through better organization and administration; on the incorporation of preventive mental health advice in the service rendered by physicians, nurses, and others in child health programs and in the care of sick children; on problems relating to the relinquishment and termination of parents' rights, and on appointment and supervision of legal guardians; on homemaker service as a method of preserving family life for children; on methods of foster care, including foster-family care, foster-day care, and institutional care; on the values of group care as contrasted with foster-family care.

To implement both programs of research, the Social Security Administration recommends that adequate funds be made available to the Children's Bureau to strengthen and broaden its work as a center of information related to child life; to assist in financing specific research projects undertaken in this field by universities, schools, child research centers, agencies, and individuals; and to undertake original research and investigations that require Nation-wide study or that have Nation-wide significance to State and community programs for children and mothers.

Expanded Services for Children

Health and welfare services should be fully available to all children in need of them, wherever they may live and whatever the circumstances of their families.

If we are to reach that goal in a reasonable time, the pace at which we are approaching it must be stepped up.

A count made during the war showed that two out of five counties in the United States did not have the service of a full-time public health unit. One out of three had no public health nurse. Two out of three had no regular monthly maternity clinic. Two out of three had no well-child clinic or conference. Approximately five-sixths of all counties had no full-time child welfare worker paid from public funds.

Shortages today are only slightly less serious. No State has today a well-rounded, well-developed, and comprehensive program that will meet all the health, medical and welfare services needed by all children. The record of our neglect of child health and welfare is documented throughout the preceding pages of this report.

The Social Security Act, as originally enacted and as it now stands, sets a top limit on the financial help that the Federal Government may give the States each year for extending and improving their child health and welfare services. This was fixed at \$8,150,000 in 1935. In 1939, this ceiling was raised to \$11.2 million, and in 1946 to \$22 million. These increases in Federal contributions, instead of keeping pace with our greatly expanded national income, have shrunk proportionately. For every million dollars of national income we had in 1936, we spent \$122 in Federal child health and welfare grants to the States. For every million dollars in national income we are receiving in 1948, Federal grants amount to only \$99 for this purpose.

While 1948 dollars have a bigger job to do than 1940—or even 1946—dollars, since the number of children under 18 has increased almost one-tenth since 1940, they buy a great deal less. Cost of service has gone up. Hospital care, for example—a major item in the purchase of treatment for crippled children—has swelled tremendously in cost. Fifteen hospitals in various cities and States report to the Bureau that their per diem costs increased an average of 51 percent from 1943 to 1946. Another seven say their costs rose an average of 93 percent from 1943 to 1947. No similar comparisons can be made in the cost of supplying medical and dental care and supervision to children. But one symptom of its mounting rate is the cost of such care privately purchased by moderate income families. That item, the U. S. Bureau of Labor Statistics reports, went up 39 percent from 1940 to 1948. Median salaries of full-time child welfare workers,

paid from Federal funds, rose 23 percent from 1942 to 1947—and should have risen much more.

The Social Security Administration recommends that the present limitations in annual appropriations for child health and child welfare services be replaced by an authorization for appropriations in amounts which are sufficient to provide for the expansion of such services for children as rapidly as the States can use additional funds effectively. State planning should proceed, of course, at a rate that is consistent with the availability of personnel and facilities that meet standards. If expansion in the number of professional personnel and in facilities parallels the expansion of services, it should be possible within 20 years to see the goal of adequate services reached across the country. Progress toward that goal must be made year by year.

Needs of specific groups of children, who can be easily located and reached, urgently call for attention in every State. Crippled children needing prolonged and expensive care are one such group. States should have sufficient funds to shoulder the expense of such care, which too often bankrupts a family. Prematurely born infants, children with vision and hearing defects, children with cerebral palsy, are other such groups. An intensive, as well as extensive, job needs to be done to build better health services and medical care for children of school age. Programs of foster care under public auspices should be strengthened, especially for children with serious behavior problems. No community should have to place a child in its jail for a single night because other facilities or homes are not available. Children of migratory workers are almost wholly beyond the reach of child health and welfare services. Mothers and children in families receiving public assistance or social insurance are still another group. They should receive complete maternity care and medical and dental care through maternal and child health programs, as part of the service of these programs to the whole community.

On the basis of known needs and of resources available now and in the immediate future, the Children's Bureau estimates that the States could now put to good use for their children nearly three times the \$22 million they now receive each year from the Federal Government in the operation of their maternal and child health services, services for crippled children, and child welfare services. Planning for such expansion in 1950 should begin at once if steady progress is to be made.

With such expanded Federal aid, the States could extend maternity care, health and medical services for children, and home nursing services for the prevention of sickness and the promotion of good health for mothers and children. They could provide medical and hospital care for more prematurely born infants whose high rate of mortality, as this report has shown, is accountable for nearly half of all infant

deaths in the first month of life. They could take at least a step toward meeting the dental needs of the 75 percent of our school-age children afflicted with bad teeth. The States could reach many thousands of children of school age with good health examinations and treatment of conditions discovered in these examinations.

Instead of the small programs now existing in 25 States for the care of children suffering from acute attacks of rheumatic fever, the States could assume responsibility for many more of the 100,000 children that have such attacks each year. Some of the 100,000 to 150,000 children estimated to be suffering from cerebral palsy could be given medical, nursing, hospital, and other institutional care. Treatment certainly should be got under way immediately for the 22,000 crippled children who in May 1948, according to State reports, were on their waiting lists but for whom care could not be provided because of shortage of funds.

With tripled Federal funds, States could make progress in reaching many hundreds of children whose social problems are serious. Such funds would make possible multiplying the number of well-trained full-time child welfare workers who now are available in only one out of every five counties throughout the country. Foster-family care, an absolute essential in repairing the damages that have been done to many neglected, dependent, and delinquent children, could be assured for many more children needing such care who are not now receiving it. Most States find this type of care hard to obtain because payments to foster families now are too small to attract the type of families needed for this service. It is one of the heaviest expenses borne by States and communities in their child welfare programs. Specialized foster homes could be found for runaway children, for children during convalescence, and for those with acute behavior problems. Day-care programs could be developed for many thousands of children of employed mothers who now are left to roam by themselves. Welfare services could be provided for many children in migrant families for whom States and communities cannot use their funds or have none to use.

The Social Security Administration recommends that there be legislation to provide that a definite percentage of the funds which become available for maternal and child health services, crippled children's services, and child welfare services can be used by the Children's Bureau to promote effective measures on a national basis for achieving the purposes of the programs, by demonstrations and evaluation of the most effective means of carrying the programs forward, and by paying the salaries and expenses of personnel requested for temporary assignment by State or local agencies, and for the administration of these programs.

Expanded Program of Personnel Training

Shortages in trained personnel in all fields relating to the health and welfare of children, as well as funds for services, are seriously handicapping the expansion of State and local services. While States are attempting to overcome some of this handicap, through educational leave and in-service training, these devices do not keep pace with the growing need for service. Substantial Federal funds should be available to the Children's Bureau to increase the number of professional and technical personnel through grants to such educational institutions as medical, dental, nursing, social work, and public health schools, and through a system of fellowships and scholarships to individuals who will specialize in services to children.

General Administration

At the beginning of the fiscal year, the administrative organization of the Social Security Administration followed the categorical lines maintained throughout the lifetime of the organization. Major responsibility for the Federal aspects of the four programs operating under the Social Security Act was carried by the Bureaus of Old-Age and Survivors Insurance, Employment Security, and Public Assistance and the Children's Bureau, by delegation from the Commissioner for Social Security. The Appeals Council heard and reviewed appeals arising from decisions of the Bureau of Old-Age and Survivors Insurance. General and coordinating services were furnished by the service bureaus—Accounts and Audits, Research and Statistics, Informational Service, State Technical Advisory Service, Office of the Actuary, and other special units attached to the Office of the Commissioner and dealing with personnel, business management, library, training, and publication services. Through the field, area, and regional offices, localized and individualized services were made available in communities throughout the United States and in the Territories to workers and employers covered by old-age and survivors insurance, to claimants for benefits under that program, and to State agencies administering programs under the Social Security Act.

Budgetary and administrative requirements of the appropriation acts for the fiscal years 1948 and 1949 entailed major administrative adjustments and reorganization during the year, particularly in the planning, coordinating and service functions of the Office of the Commissioner.

To conform with requirements set forth in the appropriation act of 1948 and before the passage of the 1949 act, certain functions were transferred from the Office of the Commissioner to the Office of the

Federal Security Administrator. The functions so transferred were the auditing of expenditures under grants to States for public assistance, for maternal and child health and child welfare services, and for administrative expenses of State unemployment insurance systems; the State Technical Advisory Service, which is responsible for assisting the cooperating State agencies in maintaining personnel merit systems under the provisions of the Social Security Act; the social security library; and the public information, reporting, and publication services.

Pursuant to the 1949 appropriation act, the regional offices of the Social Security Administration were transferred to the Federal Security Agency, as was the Field Operations Division, which assisted the Commissioner in the over-all supervision and direction of the field staff of the Social Security Administration.

Two other legislative enactments during the year affected the administrative organization. Under the terms of the Supplemental Federal Security Agency Appropriation Act, 1949, which became law on June 16 (Public Law 646) after having been vetoed on June 14, the United States Employment Service was transferred as of July 1, 1948, to the Federal Security Agency from the Department of Labor and placed in the Bureau of Employment Security of the Social Security Administration. The administration of the Federal Credit Union Act was transferred as of July 29 (Public Law 813) from the Federal Deposit Insurance Corporation to the Federal Security Agency and the Bureau of Federal Credit Unions became the fifth program bureau in the Social Security Administration.

FUNCTIONS OF THE STAFF OF THE COMMISSIONER'S OFFICE

The Commissioner for Social Security is directly responsible for program and policy direction, coordination, and control of the operations of all bureaus of the Social Security Administration. The changes outlined above, to meet the budgetary and administrative requirements of the appropriation acts, meant major reorganization of the planning and service units of the Commissioner's Office. With the transfer of some functions of that Office to the program bureaus and some to the Office of the Federal Security Administrator, and with drastic curtailment of other functions to meet the 1949 budget level, the staff of the Office was cut by 80 percent during the fiscal year. On July 1, 1948, approximately 59 individuals were left in the Office of the Commissioner. This staff constitutes the total personnel available to the Commissioner for the purpose described in the Report of the House Committee on Appropriations for 1949 of "... retaining in the Commissioner's office the means necessary to focus in

one spot program and policy coordination and direction over the constituent bureaus of the Social Security Administration."

Under the plan of organization in effect on June 30, 1948, the Division (formerly the Bureau) of Research and Statistics continues to advise the Commissioner and the staff of the Administration on program review, evaluation, and planning, and the Office of the Actuary continues to advise on technical and long-range factors involved in determining costs of present and proposed measures for social security. The Appeals Council, which is and has always been independent of the Bureau of Old-Age and Survivors Insurance, continues to hear and review appeals from the determinations of that Bureau on claims for wage credits, monthly benefits, and lump-sum payments.

COORDINATION OF FIELD OPERATIONS

Transfer to the Office of the Administrator of the social security regional offices and of the Field Operations Division entailed new arrangements in the Office of the Commissioner that would maintain the effective coordination of geographically decentralized social security activities through which the Administration maintains direct and close contact with State agencies and with the Federal field staff handling old-age and survivors insurance and the Federal credit unions. As before, representatives of each of the five program bureaus are located in the regional offices. Since there is no longer a social security regional director, a representative of one of the program bureaus will act for the Commissioner in each regional office as Regional Social Security Officer, in addition to his regular bureau duties. To take the place in Washington of the Field Operations Division, the Commissioner will have two Field Service Officers, who will work with the program bureaus in Washington and with the Regional Social Security Officers in promoting a harmonious integration of the social security program in the field. They will also be the point of contact with the Federal Security Administrator's Division of Field Services.

COORDINATION OF PROGRAM PLANNING AND ADMINISTRATION

Both in the field and in Washington, the professional and administrative staff of the program bureaus is composed primarily of specialists, selected for competence in their respective technical fields. Pressures of work and the technical demands of the staff members' job inevitably tend toward increasing specialization. In order to focus the efforts of the entire organization on the broad objectives of

an integrated social security program, all the staff members must be kept constantly aware of the relation of their own special area of the program to all other areas, as well as to related fields, such as public health, education, and vocational rehabilitation. Accordingly, members of the Commissioner's immediate staff work with the staff of the program bureaus in analyzing, appraising, and coordinating the various aspects of the present social security program; in identifying and analyzing basic threats to economic and social security not as yet met by the program; in developing plans and proposals for improving the programs; in planning actuarial studies of present and proposed measures; and in planning studies of grant-in-aid policies and of social insurance in relation to public assistance and child health and welfare services, as well as studies of the economic effects of social security financing.

Other functions of the staff in the Commissioner's Office concern preparation, at the request of congressional committees or individual Members of Congress, of testimony before legislative hearings, technical analysis of legislative proposals, and similar technical material. In cooperation with other governmental agencies, with foreign governments, and with the United Nations, these staff members work on the international aspects of social security. The staff of the Office also assists in preparation or review of policies and procedures concerning bureau management and fiscal operations.

Thus the Commissioner and his staff strive to operate the existing parts of the social security program on an integrated basis in the interest of efficiency and economy in an undertaking which affects the actual and potential well-being of a majority of the families in the United States. The coordinated development of a well-balanced, comprehensive program of social security by the Commissioner and his staff is a continuous process of adaptation and adjustment to the ever-changing conditions of our national economy, to ensure that citizens of a free society, with a basic minimum social protection against common economic hazards, may more fully realize the fruits of their individual effort.

SOCIAL SECURITY APPROPRIATIONS AND EXPENDITURES

Regular and supplementary appropriations, authorizations, transfers, and allotments to the Social Security Administration for the fiscal year 1948 (exclusive of social insurance benefit funds) totaled \$862.8 million. Of this sum, \$818.2 million represented grants to States for unemployment insurance administration, public assistance, maternal and child health services, services to crippled children, child welfare services, and the emergency maternity and infant care pro-

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gram; the balance was allocated to administrative expenses of the Administration in connection with the operation of these programs and of old-age and survivors insurance. The total amount appropriated was \$108.4 million more than the amount made available for these programs for the fiscal year 1947. Of this difference, \$101.4 million represented a net increase in appropriations for grants to States, and \$2.8 million an increase for administrative expenses.

Expenditures (exclusive of social insurance benefit funds) totaled \$854.9 million as compared with \$744.2 million in the preceeding fiscal year. Grants certified to States for public assistance increased by \$104.5 million and for unemployment insurance administration by \$8.3 million. While amounts expended in grants for the regular programs increased, the grants for the emergency maternity and infant care program were \$8.9 million less, as liquidation of that program got under way. The increase in public assistance grants is mainly attributable to increases in case loads and in Federal financial participation authorized by the 1946 amendments to the Social Security Act. Grants for unemployment insurance administration increased as a result of higher salary levels in many State agencies and increased costs of supplies and materials. The increase of \$3.4 million in administrative expenses was mainly to cover the heavier work load in old-age and survivors insurance. About \$35 million of the \$42.1 million expended for administrative costs was directly appropriated from the Federal old-age and survivors insurance trust fund or transferred from that fund to the Treasury.

SOCIAL SECURITY ADMINISTRATION PERSONNEL

The Administration had 12,889 employees as of June 30, 1948. Of this number, 6,187 were in departmental offices and 6,702 in field, area, and regional offices. A year earlier the total was 12,830. The increase of 59 is a net figure resulting from an increase of 291 in the staff of the program bureaus and a decrease of 232 in the staff of the Office of the Commissioner. Additional staff in the program bureaus was needed mainly to cope with the heavier volume of wage records and claims under old-age and survivors insurance.

During the fiscal year, 32 ex-servicemen and women claimed their reemployment rights and were restored to the Administration rolls. As of May 30, 1948, 336 employees were still on military furlough and 1,874 former employees who transferred to other agencies or to private industry with reemployment rights had not yet exercised those rights. About three-fourths of all the men who were taken on the staff for the first time during the year were veterans.

The return of the ex-servicemen and women and of other former

employees with reemployment rights, reductions in some parts of the organization because of decreased appropriations for the next fiscal year, and the gradual replacement of war service appointees by permanent personnel caused substantial readjustments in staff during the year.

INTERNATIONAL ACTIVITIES

International programs in the field of social security in general and specifically in social welfare continued to expand under the United Nations and its specialized agencies during the fiscal year 1948. The initiation of United States relief and recovery programs in European and Far Eastern countries focused attention on the need for reestablishing and reconstructing social security systems. Both of these developments greatly increased the demands on the Social Security Administration for information on social security administration in this country and for technical advice in connection with social security programs in other countries.

The number of foreign visitors who came to the Administration during the fiscal year was substantially greater than the number in the preceding year. Some 540 foreign visitors received technical consultation and other services in the Social Security Administration.

At the request of the Department of State the Social Security Administration is continuing to provide training opportunities for experienced foreign social welfare officials brought here under the auspices of the United Nations. During the year, the Administration supervised study programs for 42 of these United Nations Fellows who were in this country for 5-month periods.

As part of the inter-American program on scientific and cultural cooperation, sponsored by the Department of State, the Administration has arranged for officials from Latin-American countries to study social security in the United States for periods of 4 to 6 months. Also under this same program of technical collaboration, the Children's Bureau has had representatives in South America, at the request of governments there, giving advice on child welfare and child health programs.

Officials and staff members of the Social Security Administration served as United States representatives on various United Nations commissions and organizations during the year. As United States representative on the Social Commission of the United States, the Commissioner for Social Security participated in the second and third sessions of the Commission and also served on its seven-member Advisory Committee. As in the preceding year, he served as one of the three experts on the United Nations Staff Benefit Committee.

At the meetings of the Inter-American Committee on Social Security and the Inter-American Conference on Social Security, held in Rio de Janeiro in November, Mr. Altmeyer was chairman of the United States delegation to the Conference and was also reelected chairman of the Committee. In April he was appointed a member of the International Labor Office's Correspondence Committee on Social Insurance, which met in Montreal for a week in May and was reconstituted as the Committee of Social Security Experts.

Katharine Lenroot, Chief of the Children's Bureau, continued to serve as the United States member on the Executive Board of the International Children's Emergency Fund and is a member of the Fund's Program Committee and Committee on Administrative Budget.

Miss Lenroot also represented the United States as a technical delegate to the Council of the American International Institute for the Protection of Childhood, which met in Montevideo in June, and was chairman of the United States delegation to the Ninth Pan American Child Congress in Caracas in January. She is also a member of the United States Commission on the United Nations Educational, Scientific, and Cultural Organization and attended the meetings of the Commission in Chicago in September.

The Associate Chief of the Children's Bureau, Dr. Martha Eliot, served as adviser on the United States delegation to the Fifth Session of the Interim Commission of the World Health Organization and as member of the United States delegation to the First World Health Assembly.

The Interdepartmental Committee on International Social Policy, established in the preceding fiscal year by the President to facilitate the development of social policy involved in the foreign policy of the United States, was active throughout the year. Mr. Altmeyer is the Federal Security Agency representative on and also chairman of the Committee's Subcommittee on Social Welfare. Jane M. Hoey, Director of the Bureau of Public Assistance, serves as his alternate and is acting chairman of the Subcommittee. Wilbur J. Cohen serves as Agency representative on the Subcommittee on Labor.

Staff members of the Administration have been available for short periods of time to assist in organizing new international agencies or to advise officials in the occupied areas, and to give necessary technical assistance in American Missions overseas.

At the request of the Department of State, Mr. Mitchell, the Deputy Commissioner for Social Security, was on leave from the Administration for 2 months to serve with the American Mission for Aid to Greece. His work there was to study and develop recommendations for necessary reorganization of Greek social insurance funds.

Table 1.—Social Security Administration: Appropriations and expenditures, fiscal years 1946-47 and 1947-48 ¹

[In thousands; data as of June 30, 1948]

Item	Appropriations ²		Expenditures ³	
	1947-48	1946-47	1947-48	1946-47
Total.....	\$860,544	\$754,356	\$863,805	\$773,714
Grants to States.....	818,168	715,773	821,647	735,035
Unemployment insurance administration.....	67,168	58,109	66,633	59,820
Old-age assistance.....	726,000	619,000	573,058	515,707
Aid to the blind.....			16,922	14,940
Aid to dependent children.....			141,661	113,404
Maternal and child health services.....			10,516	10,699
Services for crippled children.....	11,000	11,000	7,392	7,496
Child welfare services.....	7,500	7,500	3,397	2,016
Emergency maternity and infant care.....	3,500	3,500	2,068	10,953
Administrative expenses ⁵	3,000	16,664	42,158	38,679
	42,376	38,583		

¹ Represents actual appropriations; expenditures based on checks cashed and returned to the Treasury.² Excludes unexpended balances of appropriations for preceding fiscal year.³ Includes expenditures from unexpended balances of appropriations for preceding fiscal year.⁴ Maximum grants authorized by the Social Security Act Amendments of 1946; actual appropriations were \$12,705,000, \$8,467,500, and \$4,127,000.⁵ Appropriations and expenditures for salaries and allotments, and expenditures for printing and binding, penalty mail, and traveling expenses.Source: Federal appropriation acts and 1947-48 budget (appropriations); *Daily Statement of the U. S. Treasury* and reports of administrative agencies (expenditures).**Table 2.—Financing social insurance under the Social Security Act: Contributions collected and trust fund operations, fiscal years 1946-48**

[In millions]

Item	1947-48	1946-47	1945-46
Contributions collected under:			
Federal Insurance Contributions Act ¹	\$1,616	\$1,459	\$1,238
Federal Unemployment Tax Act ²	208	185	180
State unemployment insurance laws ^{3 4}	1,007	1,002	1,009
Old-age and survivors insurance trust fund:			
Receipts, total.....	1,807	1,623	1,386
Transfers and appropriations ⁵	1,617	1,460	1,238
Interest.....	191	163	148
Expenditures, total.....	559	466	358
Monthly benefits and lump-sum payments ⁶	512	426	321
Administration ⁷	47	41	37
Assets, end of year.....	10,047	8,798	7,641
State accounts in the unemployment trust fund:			
Receipts, total.....	1,154	1,137	1,140
Deposits ⁸	1,007	1,005	1,010
Interest.....	147	131	130
Withdrawals for benefit payments.....	798	818	1,129
Assets, end of year.....	7,366	7,010	6,691

¹ 1-percent contribution paid by employers and by employees on wages up to and including \$3,000 a year.² Tax paid only by employers of 8 or more. Employers offset against this tax—up to 90 percent of the amount assessed—contributions which they have paid under State unemployment insurance laws or full amount they would have paid if they had not been allowed reduced contribution rates under State experience-rating provisions. Rate is 3 percent of first \$3,000 a year of wages paid to each employee by subject employer; because of credit offset, effective rate is 0.3 percent of such wages.³ Contributions plus penalties and interest collected from employers and contributions from employees, reported by State agencies; corrected to July 1948.⁴ Contributions and deposits by States usually differ slightly, primarily because of time lag in making deposits.⁵ Includes amounts collected under the Federal Insurance Contributions Act and \$375,000 for fiscal year 1946-47 and \$700,000 for fiscal year 1947-48 appropriated to meet the additional administrative costs of benefits payable to survivors of certain World War II veterans as defined in title II of the Social Security Act Amendments of 1946.⁶ Checks-paid basis.⁷ Figures do not reflect actual expenses in the respective years because of bookkeeping adjustments.Source: Compiled from *Daily Statement of the U. S. Treasury* and State agency reports.

Table 3.—Old-age and survivors insurance: Estimated number of families and beneficiaries in receipt of benefits and average monthly benefit in current-payment status, by family group, end of June, 1948 and 1947

[In thousands, except for average benefit; data corrected to Sept. 8, 1948]

Family classification of beneficiaries ¹ in current-payment status	June 30, 1948			June 30, 1947 ¹		
	Number of families	Number of beneficiaries	Average monthly amount per family	Number of families	Number of beneficiaries	Average monthly amount per family
Total.....	1, 476. 2	2, 162. 7	-----	1, 229. 6	1, 832. 3	-----
Retired-worker families.....	968. 7	1, 289. 3	-----	797. 9	1, 063. 6	-----
Worker only.....	654. 5	654. 5	\$24. 40	537. 8	537. 8	\$24. 10
Male.....	519. 4	519. 4	25. 60	431. 3	431. 3	25. 10
Female.....	135. 1	135. 1	20. 00	106. 5	106. 5	19. 80
Worker and wife.....	296. 5	593. 0	39. 90	245. 3	490. 6	39. 20
Worker and 1 child.....	11. 6	23. 2	38. 90	9. 6	19. 2	37. 90
Worker and 2 or more children.....	5. 9	18. 0	47. 90	5. 1	15. 6	47. 50
Worker, wife, and 1 or more children.....	. 2	. 6	54. 80	. 1	. 4	52. 60
Survivor families.....	507. 5	873. 3	-----	431. 7	768. 7	-----
Aged widow only.....	188. 6	188. 6	20. 50	146. 1	146. 1	20. 30
Widowed mother only ²	4. 4	4. 4	20. 30	4. 3	4. 3	20. 10
Widowed mother and 1 child.....	72. 0	144. 0	35. 90	68. 7	137. 4	35. 00
Widowed mother and 2 children.....	40. 9	122. 6	49. 20	39. 1	117. 3	48. 50
Widowed mother and 3 or more children.....	23. 5	95. 6	52. 60	22. 6	92. 0	51. 80
1 child only.....	89. 4	89. 4	13. 30	75. 7	75. 7	13. 10
2 children.....	40. 6	81. 1	25. 80	33. 8	67. 6	25. 40
3 children.....	16. 7	50. 0	36. 60	13. 8	41. 4	36. 00
4 or more children.....	21. 2	86. 6	48. 10	19. 3	77. 9	47. 30
1 aged parent.....	9. 3	9. 3	13. 70	7. 6	7. 6	13. 40
2 aged parents.....	. 9	1. 7	25. 70	. 7	1. 4	25. 60

¹ Represents revision of estimates published in table 4 of the 1947 *Annual Report*.

² Benefits of child or children were being withheld.

Table 4.—Old-age and survivors insurance: Selected data on benefits and wage credits, by State, for specified period, 1946-48

[In thousands, except for average wage credits; data corrected to Sept. 15, 1948]

State ¹	Monthly benefits in current-payment status, end of fiscal year		Payments certified, fiscal year			Workers with wage credits, calendar year ⁴	Amount of taxable wages, calendar year ⁵		Employers reporting taxable wages, July-September ⁶
	Number	Amount	Total ²	Monthly benefits	Lump-sum payments ³		Total	Average per worker	
1945-46 ⁷	1, 502. 1	\$28, 211	\$337, 061	\$311, 017	\$26, 029	46, 392	\$62, 945, 000	\$1, 357	2, 176
1946-47 ⁷	1, 832. 3	35, 071	434, 767	406, 252	28, 501	49, 096	69, 135, 000	1, 408	2, 478
1947-48 ⁷	2, 162. 7	42, 391	530, 597	499, 315	31, 280	49, 200	78, 150, 000	1, 588	2, 583
Ala.....	32. 0	493	6, 126	5, 799	327	773	730, 496	945	30
Alaska.....	. 8	15	207	187	20	41	50, 297	1, 227	2
Ariz.....	7. 8	143	1, 627	1, 555	72	216	200, 405	928	11
Ark.....	15. 4	228	2, 831	2, 684	147	393	281, 543	716	20
Calif.....	161. 7	3, 398	41, 780	39, 541	2, 239	4, 230	5, 617, 168	1, 328	197
Colo.....	16. 2	313	3, 789	3, 589	200	451	423, 616	983	25
Conn.....	42. 5	943	11, 772	11, 115	657	914	1, 460, 613	1, 598	40
Del.....	5. 4	112	1, 451	1, 380	71	175	200, 100	1, 143	6
D. C.....	8. 4	164	2, 093	1, 934	159	402	428, 707	1, 066	17
Fla.....	38. 2	722	8, 784	8, 379	405	954	841, 313	882	47

See footnotes at end of table.

Table 4.—*Old-age and survivors insurance: Selected data on benefits and wage credits, by State, for specified period, 1946-48—Continued*

[In thousands, except for average wage credits; data corrected to Sept. 15, 1948]

State ¹	Monthly benefits in current-payment status, end of fiscal year		Payments certified, fiscal year			Workers with wage credits, calendar year ⁴	Amount of taxable wages, calendar year ⁵		Employers reporting taxable wages, July-September ⁶
	Number	Amount	Total ²	Monthly benefits	Lump-sum payments ³		Total	Average per worker	
Ga.....	30.7	457	5,825	5,452	373	1,004	934,798	931	39
Hawaii.....	5.4	94	1,142	1,111	31	143	179,776	1,257	7
Idaho.....	5.9	104	1,276	1,201	75	164	159,073	970	11
Ill.....	136.0	2,825	35,402	32,698	2,704	3,938	5,541,440	1,407	177
Ind.....	61.7	1,187	14,695	13,826	869	1,476	1,925,718	1,305	65
Iowa.....	27.3	486	6,145	5,818	327	693	709,742	1,024	50
Kans.....	20.8	367	4,667	4,450	217	516	492,570	955	36
Ky.....	33.9	558	6,852	6,484	368	681	682,988	1,003	33
La.....	23.5	383	4,930	4,607	323	704	639,755	909	29
Maine.....	19.9	373	4,572	4,346	226	359	360,084	1,003	19
Md.....	31.0	597	7,572	7,090	482	827	1,022,617	1,237	33
Mass.....	107.4	2,282	27,943	26,472	1,471	2,070	2,961,508	1,431	90
Mich.....	96.1	1,974	24,757	23,219	1,538	2,542	3,811,373	1,499	108
Minn.....	32.7	641	8,000	7,574	426	934	1,087,284	1,164	53
Miss.....	12.9	179	2,152	2,011	141	408	292,300	716	21
Mo.....	51.5	984	12,393	11,684	709	1,467	1,621,801	1,106	72
Mont.....	6.7	131	1,645	1,555	90	157	166,460	1,060	12
Nebr.....	11.3	201	2,626	2,466	160	367	355,666	969	26
Nev.....	1.8	37	463	419	44	87	72,465	833	4
N. H.....	11.9	228	2,738	2,607	131	223	251,678	1,129	12
N. J.....	91.1	1,981	25,021	23,439	1,582	2,039	2,960,460	1,452	94
N. Mex.....	4.3	67	805	765	40	153	122,005	797	9
N. Y.....	257.2	5,345	67,795	63,300	4,495	7,211	10,321,809	1,431	359
N. C.....	36.1	538	6,665	6,220	445	1,097	1,003,293	915	40
N. Dak.....	2.7	47	596	564	32	101	89,625	887	9
Ohio.....	140.5	2,886	36,354	34,199	2,155	3,216	4,557,681	1,417	134
Okla.....	19.6	340	4,342	4,132	210	603	574,620	953	35
Oreg.....	28.0	557	6,979	6,680	299	585	701,183	1,199	31
Pa.....	209.5	4,285	54,073	51,202	2,871	4,379	6,130,037	1,400	163
R. I.....	18.7	391	4,789	4,543	246	375	500,690	1,335	15
S. C.....	18.8	265	3,320	3,086	234	547	486,032	889	21
S. Dak.....	3.7	66	829	777	52	115	101,623	884	11
Tenn.....	30.3	471	5,821	5,440	381	922	899,509	976	38
Tex.....	62.0	1,037	12,987	12,100	887	2,271	2,368,623	1,043	128
Utah.....	8.0	147	1,761	1,683	78	205	216,144	1,054	10
Vt.....	6.6	122	1,475	1,405	70	124	129,860	1,047	8
Va.....	35.6	600	7,398	6,963	435	944	937,509	993	41
Wash.....	41.9	878	11,276	10,767	509	911	1,124,176	1,234	46
W. Va.....	33.1	590	7,279	6,967	312	653	781,914	1,197	25
Wis.....	48.2	952	12,042	11,291	751	1,162	1,542,467	1,327	67
Wyo.....	2.6	49	619	584	35	86	82,386	958	6
Foreign.....	7.7	159	2,114	1,955	159	-----	-----	-----	-----

¹ State distribution estimated, except for monthly benefits in current-payment status and for employee accounts established.² United States totals include lump-sum payments under the 1935 act, not distributed by State, amounting to \$15,000 in 1945-46, \$13,000 in 1946-47, and \$1,000 in 1947-48.³ Under the 1939 and 1946 amendments. For lump-sum payments under the 1935 act, see footnote 2.⁴ United States totals represent number of different workers employed in covered industries at some time during 1945, 1946, and 1947, respectively. State data represent workers employed in the State at some time during 1946; workers employed in more than 1 State counted once in each of the States in which employed.⁵ United States totals are for 1945, 1946, and 1947, respectively. State data represent 1946 taxable wages, distributed according to the State where wages were paid.⁶ Employer returns for July-September 1945, 1946, and 1947, respectively. A return may relate to more than 1 establishment if the employer operates several establishments but reports for the concern as a whole.⁷ See column heads for period to which data relate.

Table 5.—Old-age and survivors insurance: Benefits in current-payment status, payments certified, and workers with wage credits, fiscal years 1946-48

[Corrected to August 1948]

Item	Fiscal year		
	1947-48	1946-47	1945-46
Benefits in current-payment status (end of period):			
Number.....	2,162,693	1,832,285	1,502,085
Primary.....	968,682	797,927	632,038
Wife's.....	296,711	245,364	193,241
Child's.....	556,834	499,246	431,202
Widow's.....	188,612	146,124	110,168
Widow's current.....	140,807	134,673	128,688
Parent's.....	11,047	8,951	6,748
Total monthly amount.....	\$42,391,324	\$35,071,472	\$28,210,828
Primary.....	24,344,534	19,722,150	15,443,266
Wife's.....	3,948,153	3,206,007	2,496,588
Child's.....	7,175,060	6,328,004	5,391,169
Widow's.....	3,865,451	2,965,620	2,225,871
Widow's current.....	2,908,578	2,730,446	2,565,790
Parent's.....	149,548	119,245	88,144
Average monthly amount:			
Primary.....	\$25.13	\$24.72	\$24.43
Wife's.....	13.31	13.07	12.92
Child's.....	12.89	12.68	12.50
Widow's.....	20.49	20.30	20.20
Widow's current.....	20.66	20.27	19.94
Parent's.....	13.54	13.32	13.06
Payments certified during period:			
Monthly benefits.....	\$499,314,611	\$406,252,135	\$311,017,291
Primary.....	284,588,746	225,415,715	164,245,802
Supplementary.....	49,633,683	39,418,950	28,750,454
Survivor.....	165,092,182	141,417,470	118,021,035
Lump-sum payments.....	31,281,156	28,514,685	26,043,831
1939 and 1946 amendments.....	31,280,024	28,501,375	26,028,847
1935 act.....	1,132	13,310	14,984
Additional benefits under sec. 210 (included in above figures).....	\$3,495,918	\$2,899,058	-----
Monthly benefits.....	2,340,767	1,254,119	-----
Lump-sum.....	1,155,151	1,644,939	-----
Estimated number of living workers with wage credits (mid-point of period—Jan. 1):¹			
Total.....	76,900,000	74,800,000	72,300,000
Fully insured.....	36,800,000	35,200,000	33,400,000
Currently but not fully insured.....	5,700,000	6,400,000	6,900,000
Uninsured.....	34,400,000	33,200,000	32,000,000

¹ Not adjusted to reflect changes in insured status arising from (1) combined earnings under coordinated survivor provisions of the old-age and survivors insurance and railroad retirement programs, and (2) veterans deemed to be fully insured only under sec. 210 of title II of the Social Security Act, as amended in 1946.

Table 6.—Unemployment insurance: Selected data on benefits, claims, employment, and finance, by State, for specified periods, 1946-48

[Corrected to Aug. 10, 1948]

State	Beneficiaries, ¹ fiscal year	Benefit payments, fiscal year			Weeks com- pen- sated fiscal year (in thou- sands)	Initial claims, ⁴ fiscal year (in thou- sands)	Workers with wage credits, ⁵ calendar year (in thou- sands)	Em- ployers subject to State law, end of fiscal year (in thou- sands)	Funds avail- able for benefits, end of fiscal year ⁶ (in millions)	Federal grants for ad- minis- tration, ⁷ fiscal year (in thou- sands)
		Total amount, ² (in thou- sands)	Average weekly benefit for total unem- ployment	Ratio of bene- fits ³ to collections ³ (per- cent)						
1945-46 ⁸	5,303,295	\$1,091,062	\$18.76	108.2	58,985	10,840	43,000	1,139	\$6,733	⁹ \$56,059
1946-47 ⁸	4,057,500	833,718	18.05	83.2	46,908	9,559	45,500	1,286	7,031	¹⁰ 57,597
1947-48 ⁸	3,820,774	752,537	18.19	74.7	42,367	9,870	45,600	1,370	7,393	¹¹ 67,152
Ala.	41,304	7,683	14.77	76.0	530	92	741	9	60	753
Alaska	5,243	1,095	23.26	58.1	48	7	65	2	11	138
Ariz.	9,246	1,420	18.29	36.2	79	31	220	6	26	302
Ark.	33,891	3,552	15.44	66.7	282	64	415	25	36	498
Calif.	506,686	128,395	19.81	102.9	6,523	1,332	4,350	228	720	8,995
Colo.	8,465	1,118	15.31	17.4	74	27	360	5	49	217
Conn.	66,007	11,472	19.64	163.0	597	143	927	18	193	1,138
Del.	6,250	872	15.19	73.2	60	14	168	7	15	157
D. C.	13,015	2,986	16.69	142.4	180	19	394	18	45	433
Fla.	46,709	6,351	13.64	74.2	472	122	824	12	73	702
Ga.	37,380	5,675	13.44	52.5	431	90	898	11	98	718
Hawaii	4,366	768	20.37	32.2	43	9	170	8	23	133
Idaho	8,018	1,398	18.12	36.7	78	16	174	12	22	297
Ill.	275,822	47,641	18.31	88.9	2,691	566	3,506	51	503	3,734
Ind.	54,164	8,830	17.32	75.1	529	228	1,400	15	190	1,061
Iowa	15,547	2,415	15.56	24.0	160	35	591	10	81	391
Kans.	19,461	3,020	15.13	45.7	205	42	419	7	58	455
Ky.	31,107	4,365	11.21	31.5	396	69	564	13	110	516
La.	35,290	5,965	14.15	42.5	445	93	750	16	93	741
Maine	33,815	4,630	14.15	73.1	339	72	281	4	42	320
Md.	76,665	9,842	18.32	69.5	580	153	905	38	125	1,069
Mass.	223,669	50,624	22.13	136.8	2,410	452	2,150	91	176	3,518
Mich.	259,979	35,928	20.08	51.2	1,912	776	2,370	24	261	3,732
Minn.	30,528	5,189	15.08	40.6	357	62	811	29	117	860
Miss.	18,144	2,151	12.44	26.6	177	41	359	6	42	298
Mo.	84,686	14,426	16.16	61.6	918	212	1,169	16	172	1,001
Mont.	7,766	1,275	16.03	35.9	81	15	195	12	27	227
Nebr.	6,588	959	15.00	24.6	66	16	274	5	33	198
Nev.	4,991	1,133	19.83	71.1	58	12	100	4	13	188
N. H.	19,876	3,035	15.35	85.6	205	40	202	5	28	244
N. J.	224,257	52,142	19.62	57.3	2,728	469	1,980	39	489	3,330
N. Mex.	4,041	580	16.03	17.6	37	10	188	9	17	190
N. Y.	684,414	169,884	19.03	97.9	8,949	2,450	6,240	166	1,031	10,452
N. C.	51,868	5,832	11.10	31.5	536	112	994	14	144	960
N. Dak.	1,717	342	17.96	26.4	19	4	78	2	7	78
Ohio	101,036	19,753	17.47	56.3	1,146	261	3,370	70	540	2,719
Okla.	26,952	4,600	16.25	73.0	347	57	525	8	44	477
Oreg.	48,317	7,618	16.85	55.1	467	115	524	16	80	890
Pa.	274,644	49,519	17.24	87.5	2,926	664	3,922	180	620	5,629
R. I.	56,174	12,348	20.75	130.7	609	109	340	8	51	501
S. C.	21,508	3,186	14.40	43.6	226	56	491	6	52	365
S. Dak.	2,055	259	15.90	23.8	17	4	82	2	9	73
Tenn.	63,094	10,614	13.30	71.3	809	104	804	10	102	894
Tex.	42,338	5,477	13.70	23.7	414	111	2,052	27	187	1,356
Utah	11,831	2,436	22.82	62.5	110	27	210	12	33	302
Vt.	7,229	1,233	16.88	57.4	75	15	107	2	16	202
Va.	42,258	4,250	12.72	40.2	341	71	870	11	82	518
Wash.	93,211	18,472	18.07	79.6	1,060	215	823	49	142	1,684
W. Va.	41,468	5,302	15.31	41.4	356	74	564	6	83	633
Wis.	35,263	4,127	17.28	27.5	248	88	1,140	19	213	573
Wyo.	2,421	352	18.51	27.3	19	5	109	6	11	158

¹ Based on number of first payments.² Adjusted for voided benefit checks.³ Contributions, penalties, and interest from employers, and contributions from employees. Adjusted for refunds of contributions and for dishonored contribution checks.⁴ New claims, plus claims filed at beginning of an additional spell of unemployment during a previously established benefit year.⁵ Estimated number of different workers in each State with wages in covered employment in that State some time in 1947; national totals for each of calendar years 1945 through 1947, adjusted for duplication resulting from employment of individual workers in more than 1 State during the same year.⁶ Sum of balances in State clearing accounts, benefit-payment accounts, and unemployment trust fund accounts maintained in the U. S. Treasury. (See next page for rest of footnotes.)

Table 7.—Unemployment insurance: State accounts in the Federal unemployment trust fund, by State, fiscal year 1947-48¹

[In thousands]

State	Deposits	Interest	Withdrawals	Balance, end of year
Total.....	\$1,007,344	\$147,156	² \$794,374	\$7,361,159
Alabama.....	10,115	1,177	7,750	59,791
Alaska.....	2,028	214	1,100	10,741
Arizona.....	3,927	508	1,400	26,364
Arkansas.....	5,386	704	3,750	35,490
California.....	124,553	14,562	136,000	709,520
Colorado.....	6,423	943	1,090	49,414
Connecticut.....	6,991	3,946	11,550	192,780
Delaware.....	1,190	288	810	14,484
District of Columbia.....	2,315	911	3,015	44,787
Florida.....	8,534	1,442	6,535	72,853
Georgia.....	10,805	1,933	5,775	98,105
Hawaii.....	2,386	450	770	23,010
Idaho.....	3,809	426	1,450	22,041
Illinois.....	53,376	10,039	48,300	500,193
Indiana.....	12,053	3,790	8,700	189,475
Iowa.....	10,087	1,545	2,400	80,603
Kansas.....	6,635	1,138	2,940	58,104
Kentucky.....	13,920	2,099	4,125	109,553
Louisiana.....	14,045	1,776	5,950	92,642
Maine.....	6,329	829	4,650	41,355
Maryland.....	14,130	2,457	9,000	123,962
Massachusetts.....	37,000	3,649	50,200	174,175
Michigan.....	70,277	4,941	36,500	259,213
Minnesota.....	12,745	2,276	5,105	115,849
Mississippi.....	8,100	788	2,120	41,936
Missouri.....	23,428	3,383	13,950	171,930
Montana.....	3,585	519	1,273	26,751
Nebraska.....	3,900	632	950	32,483
Nevada.....	1,585	267	1,140	12,861
New Hampshire.....	3,544	543	2,992	27,190
New Jersey.....	91,082	9,668	62,125	488,561
New Mexico.....	3,300	320	600	17,089
New York.....	173,532	21,134	169,400	1,028,532
North Carolina.....	18,540	2,769	5,900	143,666
North Dakota.....	1,290	140	250	7,404
Ohio.....	35,330	10,731	19,625	539,965
Oklahoma.....	6,295	845	3,800	43,105
Oregon.....	13,832	1,555	7,625	79,429
Pennsylvania.....	56,290	12,323	47,500	617,818
Rhode Island.....	9,465	1,310	41,519	49,653
South Carolina.....	7,302	991	2,800	51,358
South Dakota.....	1,098	165	290	8,522
Tennessee.....	14,869	2,009	10,740	101,688
Texas.....	22,988	3,588	5,400	186,583
Utah.....	3,900	653	2,425	32,587
Vermont.....	2,144	313	1,250	15,925
Virginia.....	10,535	1,605	4,100	82,314
Washington.....	23,265	2,857	18,160	142,500
West Virginia.....	12,811	1,590	5,125	82,718
Wisconsin.....	14,990	4,212	4,075	213,177
Wyoming.....	1,283	212	375	10,922

¹ Trust fund maintains a separate account for each State agency, in which are held all moneys deposited from State unemployment funds and from which State agencies withdraw amounts as required for benefit payments. Deposits include those not cleared by the Treasurer of the United States; interest includes accrued interest receivable; withdrawals include outstanding checks; these items excluded from table 3.

² Includes withdrawals by New Jersey of \$10,000,000 and by Rhode Island of \$13,968,681 for disability insurance benefits.

Source: Compiled from data furnished by the Treasury Department, Bureau of Accounts.

⁷ For fiscal years 1946 and 1947, represents advances for unemployment insurance administration certified to State agencies during fiscal year, including amounts reimbursed to the War Manpower Commission and the Department of Labor for services and facilities provided to State agencies by the United States Employment Service and excluding amounts for services and facilities furnished to U. S. Employment Service by State agencies. Excludes for all 3 fiscal years unencumbered balances reallocated to State agencies. Totals include, but State figures exclude, expenses for postage.

⁸ See column heads for period to which data relate.

⁹ Includes \$768,000 as unemployment insurance program share of local office rent.

¹⁰ Includes amounts reimbursed to the Department of Labor for services and facilities provided State agencies by USES for July 1-Nov. 15, 1946.

¹¹ Excludes \$3,276,904 reconversion unemployment benefits paid to seamen for fiscal year 1947-48.

¹² Preliminary estimate.

¹³ Excludes expenses for postage for Apr. 1-June 30, 1948.

Table 8.—Special types of public assistance under plans approved by the Social Security Administration: Number of recipients and average payment, June 1948, and total payments to recipients by program and State, fiscal year 1947-48

[Corrected to Sept. 15, 1948]

State	Old-age assistance			Aid to dependent children				Aid to the blind		
	Number or recipients, June	Payments to recipients		Number of recipients, June		Payments to recipients		Number of recipients, June	Payments to recipients	
		Average payment, June	Total, fiscal year (in thousands)	Families	Children	Average payment per family, June	Total, fiscal year (in thousands)		Average payment, June	Total, fiscal year (in thousands)
1945-46	2, 108, 216	\$31. 48	\$761, 587	311, 250	799, 325	\$53. 71	\$172, 800	57, 616	\$32. 89	\$21, 409
1946-47	2, 271, 007	36. 06	910, 330	396, 098	1, 009, 360	61. 76	254, 415	62, 085	37. 88	25, 810
1947-48	2, 367, 597	38. 18	1, 037, 554	449, 154	1, 145, 816	66. 21	325, 691	65, 797	41. 18	30, 531
Alabama	64, 709	19. 44	13, 474	10, 634	28, 915	33. 05	3, 604	1, 105	22. 05	265
Alaska	1, 361	43. 69	680	1, 228	536	31. 73	87	(1)	(1)	(1)
Arizona	10, 777	47. 73	6, 114	2, 464	7, 154	50. 10	1, 407	660	56. 64	437
Arkansas	48, 227	18. 19	9, 672	9, 436	24, 599	35. 30	3, 454	1, 631	21. 01	393
California	188, 267	57. 09	122, 765	16, 449	37, 945	109. 94	17, 249	7, 404	72. 56	5, 797
Colorado	45, 010	63. 50	35, 440	4, 583	12, 558	76. 91	3, 939	388	52. 15	231
Connecticut	15, 595	48. 75	8, 166	2, 867	7, 206	100. 77	3, 035	150	44. 44	68
Delaware	1, 314	26. 07	377	365	1, 065	72. 79	283	127	30. 69	44
District of Columbia	2, 385	40. 33	1, 097	1, 354	4, 103	75. 36	1, 133	219	44. 36	112
Florida	58, 494	38. 20	25, 153	16, 412	40, 385	42. 01	7, 530	2, 861	39. 47	1, 289
Georgia	84, 378	19. 13	16, 784	8, 798	22, 664	36. 85	3, 083	2, 339	22. 67	570
Hawaii	2, 032	32. 99	774	1, 453	4, 345	83. 82	1, 290	78	35. 67	34
Idaho	10, 427	43. 81	5, 217	1, 896	4, 836	87. 21	1, 718	199	47. 75	114
Illinois	125, 620	41. 24	60, 932	21, 902	55, 593	87. 40	21, 698	4, 642	42. 97	2, 377
Indiana	50, 337	32. 96	19, 215	8, 444	20, 976	51. 09	4, 697	1, 901	35. 09	773
Iowa	48, 603	43. 14	24, 017	4, 978	12, 690	72. 53	3, 544	1, 207	46. 49	656
Kansas	35, 730	39. 52	16, 566	4, 927	12, 432	71. 14	4, 239	858	41. 71	463
Kentucky	51, 701	19. 04	10, 478	13, 579	34, 402	37. 46	4, 996	1, 890	20. 68	405
Louisiana	56, 913	22. 87	14, 033	14, 739	38, 404	40. 67	6, 373	1, 643	28. 11	512
Maine	13, 191	33. 49	5, 507	2, 500	7, 181	78. 30	1, 933	678	33. 79	278
Massachusetts	11, 841	33. 20	4, 537	5, 735	16, 638	72. 41	4, 665	464	35. 64	194
Massachusetts	88, 762	55. 26	56, 698	10, 330	25, 574	102. 49	11, 948	1, 257	55. 09	772
Michigan	90, 914	38. 82	41, 539	22, 149	51, 963	77. 70	19, 428	1, 522	43. 87	728
Minnesota	54, 396	44. 04	27, 967	6, 776	17, 849	68. 75	5, 239	1, 053	51. 00	600
Mississippi	40, 985	15. 79	7, 867	5, 683	15, 103	26. 29	1, 760	2, 132	24. 08	608
Missouri	116, 718	37. 54	48, 202	20, 461	52, 773	46. 19	9, 726	(2)	(2)	(2)
Montana	10, 858	39. 74	5, 070	1, 943	5, 081	71. 11	1, 502	444	41. 64	208
Nebraska	23, 900	40. 00	11, 511	3, 231	7, 660	74. 68	2, 824	522	46. 03	257
Nevada	2, 146	48. 70	1, 228	(2)	(2)	(2)	(2)	(2)	(2)	(2)
New Hampshire	6, 808	40. 00	3, 143	1, 199	3, 010	81. 69	1, 115	300	42. 31	146
New Jersey	23, 165	42. 92	11, 475	4, 790	12, 598	82. 23	4, 276	632	44. 97	324
New Mexico	8, 875	35. 79	3, 612	4, 718	12, 490	54. 62	2, 571	416	39. 44	184
New York	111, 571	49. 44	64, 763	45, 381	105, 810	101. 12	52, 587	3, 546	55. 74	2, 258
North Carolina	44, 104	18. 10	9, 082	9, 301	26, 579	35. 73	3, 575	3, 271	29. 39	1, 007
North Dakota	8, 686	40. 56	4, 145	1, 637	4, 465	87. 22	1, 545	121	42. 73	59
Ohio	122, 781	42. 09	59, 518	10, 869	29, 571	70. 87	7, 850	3, 435	39. 61	1, 527
Oklahoma	96, 804	44. 72	48, 672	23, 539	58, 702	44. 17	12, 732	2, 586	42. 82	1, 314
Oregon	22, 450	43. 86	11, 082	2, 794	7, 136	100. 19	2, 755	386	50. 57	222
Pennsylvania	87, 557	36. 49	37, 209	40, 102	103, 646	81. 69	35, 661	(2)	(2)	(2)
Rhode Island	8, 890	42. 39	4, 366	2, 734	6, 801	79. 23	2, 492	143	46. 38	75
South Carolina	33, 456	19. 81	7, 608	6, 149	17, 302	27. 00	1, 934	1, 311	20. 26	338
South Dakota	12, 019	33. 63	4, 700	1, 793	4, 522	46. 70	965	214	30. 97	76
Tennessee	51, 834	22. 98	12, 627	15, 595	41, 767	46. 30	7, 959	1, 939	32. 40	682
Texas	203, 301	31. 39	72, 689	17, 485	44, 769	36. 00	7, 438	5, 606	34. 82	2, 224
Utah	9, 717	47. 57	6, 116	2, 969	7, 770	102. 68	3, 118	171	54. 58	88
Vermont	5, 960	33. 95	2, 332	842	2, 262	48. 11	421	190	38. 46	82
Virginia	16, 406	18. 59	3, 533	5, 241	15, 069	41. 53	2, 398	1, 197	24. 31	331
Washington	63, 686	57. 17	41, 313	8, 554	20, 443	99. 24	9, 120	674	69. 77	509
West Virginia	22, 206	20. 45	5, 294	11, 192	30, 941	40. 85	5, 137	879	23. 55	246
Wisconsin	47, 806	37. 71	20, 941	7, 560	18, 932	85. 71	7, 255	1, 290	39. 87	588
Wyoming	3, 924	49. 06	2, 254	394	1, 111	89. 81	407	116	45. 78	63

¹ Alaska does not administer aid to the blind.² No approved plan in operation.

Table 9.—Special types of public assistance under plans approved by the Social Security Administration: Federal grants certified and total expenditures and percent from Federal funds, by program and State, fiscal year 1947-48

[Amounts in thousands; data corrected to Sept. 15, 1948]

State	Federal grants certified ¹				Expenditures for assistance and administration					
	Total	Old-age assist- ance	Aid to depend- ent children	Aid to the blind	Old-age assist- ance		Aid to depend- ent children		Aid to the blind	
					Amount	Percent from Federal funds	Amount	Percent from Federal funds	Amount	Percent from Federal funds
1945-46.....	\$439,132	\$368,524	\$60,126	\$10,482	\$806,472	46.2	\$188,707	33.3	\$23,534	45.5
1946-47.....	613,831	491,091	108,429	14,312	960,363	51.6	275,704	38.6	28,206	49.9
1947-48.....	718,359	562,374	139,584	16,401	1,093,942	51.8	352,276	39.4	33,288	49.4
Alabama.....	11,618	8,919	2,526	173	14,272	62.5	3,948	61.7	285	61.1
Alaska.....	404	346	58	(²)	711	51.2	108	57.7	(²)	(²)
Arizona.....	4,333	3,255	876	202	6,291	51.0	1,614	58.2	455	43.8
Arkansas.....	8,849	6,459	2,142	249	10,147	63.1	3,619	60.5	415	61.2
California.....	63,744	56,622	5,032	2,091	128,935	43.6	19,107	25.9	6,234	34.1
Colorado.....	14,616	12,954	1,542	120	36,242	35.4	4,214	37.5	259	46.9
Connecticut.....	4,922	4,032	854	35	8,526	48.4	3,204	29.2	71	53.0
Delaware.....	403	234	137	32	440	58.7	340	42.7	56	56.6
District of Columbia.....	1,213	631	520	62	1,225	52.3	1,261	40.5	122	50.1
Florida.....	20,323	14,767	4,783	773	26,178	56.4	8,175	57.5	1,355	56.1
Georgia.....	13,973	11,523	2,067	383	18,204	62.8	3,310	59.9	628	60.4
Hawaii.....	1,029	488	520	20	897	53.5	1,451	35.4	41	50.6
Idaho.....	3,425	2,770	599	55	5,443	51.1	1,807	33.9	120	46.8
Illinois.....	41,695	32,915	7,465	1,315	64,531	52.5	23,136	32.4	2,597	51.7
Indiana.....	14,322	11,316	2,523	483	20,612	57.0	5,173	51.4	882	56.2
Iowa.....	14,477	12,689	1,435	352	25,260	51.9	3,764	38.6	717	48.0
Kansas.....	11,437	9,299	1,873	266	17,623	52.1	4,610	36.6	503	49.9
Kentucky.....	10,531	7,057	3,203	271	10,998	63.7	5,171	60.5	426	62.9
Louisiana.....	13,659	9,405	3,920	334	15,401	59.8	7,075	54.4	563	57.2
Maine.....	4,228	3,294	773	160	5,881	57.1	2,035	38.3	297	57.0
Maryland.....	4,888	2,614	2,162	113	4,885	56.1	5,033	40.7	208	56.2
Massachusetts.....	29,454	25,783	3,315	356	59,923	43.4	12,651	27.2	805	44.1
Michigan.....	31,907	24,697	6,892	419	43,570	55.8	20,452	33.1	759	54.7
Minnesota.....	16,699	14,103	2,274	322	29,225	50.1	5,814	40.3	691	46.4
Mississippi.....	7,029	5,420	1,227	382	8,530	64.2	1,925	63.8	638	59.9
Missouri.....	34,801	28,549	6,252	(³)	49,678	56.9	10,538	58.8	(³)	(³)
Montana.....	3,571	2,824	618	129	5,354	55.9	1,614	38.9	237	55.1
Nebraska.....	7,920	6,710	1,076	134	12,237	53.6	3,046	34.9	274	50.5
Nevada.....	660	660	(²)	(²)	1,320	50.9	(²)	(²)	(²)	(²)
New Hampshire.....	2,325	1,818	422	85	3,360	52.9	1,155	33.1	157	51.9
New Jersey.....	7,995	6,323	1,475	197	12,674	50.9	4,597	34.1	371	50.7
New Mexico.....	3,602	2,112	1,381	109	3,890	54.2	2,839	49.0	209	52.0
New York.....	49,542	31,914	16,453	1,174	70,418	46.1	57,918	27.4	2,692	43.6
North Carolina.....	9,225	6,155	2,390	679	9,735	62.9	3,919	61.1	1,158	57.8
North Dakota.....	2,880	2,283	562	35	4,425	51.6	1,657	35.1	70	49.8
Ohio.....	36,365	32,000	3,494	871	62,409	52.9	8,583	41.6	1,717	54.7
Oklahoma.....	36,798	28,218	7,796	784	50,200	55.7	13,446	58.2	1,362	55.6
Oregon.....	6,958	5,900	948	110	11,709	50.2	2,972	30.2	234	45.8
Pennsylvania.....	36,357	22,059	14,298	(³)	40,554	55.4	39,248	36.9	(³)	(³)
Rhode Island.....	3,254	2,305	909	40	4,608	49.7	2,642	33.6	80	47.1
South Carolina.....	6,676	5,037	1,412	227	8,112	61.9	2,136	64.6	376	60.1
South Dakota.....	3,282	2,681	555	47	5,001	57.2	1,031	55.1	81	57.7
Tennessee.....	13,648	8,332	4,906	410	13,344	61.2	8,418	58.4	707	57.8
Texas.....	48,482	42,605	4,516	1,362	75,220	57.9	7,927	59.3	2,373	56.9
Utah.....	4,207	3,321	904	41	6,329	51.1	3,296	29.4	91	46.0
Vermont.....	1,675	1,369	260	46	2,436	57.2	453	58.1	84	56.4
Virginia.....	4,261	2,534	1,500	228	3,989	62.3	2,749	54.7	380	59.3
Washington.....	21,826	18,970	2,666	190	42,924	44.2	9,613	27.3	537	37.9
West Virginia.....	6,842	3,496	3,188	158	5,681	61.4	5,410	59.5	264	59.9
Wisconsin.....	14,603	11,543	2,716	345	22,009	56.4	7,725	31.8	638	54.9
Wyoming.....	1,366	1,165	168	32	2,376	48.7	446	34.8	66	47.8

¹ Amounts of Federal grants certified in fiscal year; differ slightly from fiscal year expenditures from Federal funds reported by States.

² Alaska does not administer aid to the blind.

³ No approved plan in operation.

Table 10.—Maternal and child health and welfare services: Grants to States for maternal and child health services, services for crippled children, and child welfare services under the Social Security Act, and for emergency maternity and infant care, by program and State, fiscal year 1947-48¹

[In thousands]

State	Maternal and child health services			Services for crippled children			Child welfare services	Emergency maternity and infant care
	Total	Fund A	Fund B	Total	Fund A	Fund B		
Total.....	\$10,564.5	\$5,107.1	\$5,457.4	\$7,423.0	\$3,674.1	\$3,748.9	\$3,422.2	\$2,067.5
Alabama.....	366.0	119.3	246.7	286.6	101.4	185.2	106.0	21.6
Alaska.....	132.6	37.4	95.2	128.6	26.2	102.4	10.9	1.5
Arizona.....	91.0	44.3	46.6	91.2	49.1	42.1	40.1	7.2
Arkansas.....	172.7	71.5	101.2	227.1	74.0	153.1	58.9	-----
California.....	465.4	323.1	142.3	294.0	145.0	149.0	108.4	255.8
Colorado.....	184.0	65.2	118.8	117.2	50.8	66.4	33.3	21.4
Connecticut.....	85.6	72.3	13.3	86.2	54.2	32.1	27.5	34.7
Delaware.....	66.5	38.3	28.2	19.5	13.8	5.7	31.5	12.8
District of Columbia.....	172.5	55.7	116.8	67.1	26.0	41.1	20.3	37.3
Florida.....	311.0	96.4	214.6	130.8	60.0	70.8	62.9	69.0
Georgia.....	446.0	131.2	314.9	194.9	90.3	104.6	80.9	46.7
Hawaii.....	120.2	50.8	69.4	136.1	35.5	100.6	26.2	68.1
Idaho.....	110.4	63.4	47.0	63.3	38.8	24.5	17.8	7.2
Illinois.....	139.3	115.1	24.2	212.2	145.8	66.4	31.3	101.1
Indiana.....	202.8	127.3	75.5	106.1	75.8	30.3	90.4	32.4
Iowa.....	72.7	58.5	14.2	143.8	72.8	71.0	115.5	105.7
Kansas.....	136.9	78.2	58.7	85.5	59.8	25.7	61.6	14.0
Kentucky.....	360.8	113.2	247.5	239.9	93.9	146.0	137.7	29.4
Louisiana.....	273.2	109.3	163.9	175.7	82.9	92.8	118.1	22.9
Maine.....	92.6	54.8	37.8	57.2	31.7	25.5	42.2	10.7
Maryland.....	247.0	90.0	157.0	181.9	69.2	112.6	58.7	130.9
Massachusetts.....	237.2	134.0	103.1	92.9	77.5	15.3	25.0	7.0
Michigan.....	288.1	216.6	71.5	193.6	123.4	70.2	62.9	87.1
Minnesota.....	161.5	88.0	73.4	170.5	73.8	96.7	109.1	17.9
Mississippi.....	370.4	104.7	265.7	219.7	69.7	150.0	102.4	38.1
Missouri.....	167.8	78.4	89.4	59.0	44.7	14.3	115.8	70.8
Montana.....	62.7	44.1	18.6	85.2	42.1	43.1	41.3	37.4
Nebraska.....	111.9	70.4	41.5	90.3	51.1	39.1	39.8	21.1
Nevada.....	38.1	21.7	16.4	47.6	25.7	22.0	21.9	.9
New Hampshire.....	73.2	55.3	17.9	23.4	20.7	2.6	28.1	10.9
New Jersey.....	106.6	101.3	5.2	150.2	82.4	67.8	42.8	47.6
New Mexico.....	232.6	66.4	166.2	74.7	38.7	36.0	39.3	24.6
New York.....	297.8	247.1	50.7	171.1	137.8	33.3	84.9	280.9
North Carolina.....	290.8	71.6	219.2	228.0	99.1	128.9	106.1	5.3
North Dakota.....	73.6	51.6	22.0	76.5	44.3	32.3	37.5	5.6
Ohio.....	259.9	192.5	67.3	207.6	140.6	67.0	138.7	1.0
Oklahoma.....	167.7	109.3	58.4	186.0	68.4	117.7	84.3	34.4
Oregon.....	105.2	72.7	32.6	106.2	54.7	51.5	31.5	29.1
Pennsylvania.....	370.4	247.4	122.9	262.0	193.5	68.5	134.9	60.3
Puerto Rico.....	511.3	164.7	346.5	123.2	33.3	89.9	74.3	14.6
Rhode Island.....	70.3	61.9	8.4	102.8	38.9	63.9	30.1	10.8
South Carolina.....	371.3	98.5	272.8	279.0	78.6	200.4	80.5	14.8
South Dakota.....	65.1	34.4	30.8	75.2	41.4	33.8	25.2	13.6
Tennessee.....	385.9	116.7	269.2	135.9	87.1	48.9	64.5	1.7
Texas.....	502.9	263.5	239.4	232.8	129.6	103.2	212.3	4.8
Utah.....	102.0	63.2	38.9	127.1	37.3	89.8	37.4	27.5
Vermont.....	69.7	48.2	21.5	45.5	31.1	14.4	34.3	1.2
Virginia.....	283.5	117.9	165.6	277.2	119.4	157.8	77.7	55.1
Virgin Islands.....	50.6	36.3	14.4	87.5	81.6	5.8	15.8	-----
Washington.....	151.6	84.7	66.9	139.4	54.4	85.0	54.6	49.0
West Virginia.....	238.9	79.5	159.4	134.8	64.7	70.0	90.1	25.1
Wisconsin.....	76.5	42.7	33.8	161.1	80.2	81.0	79.7	37.3
Wyoming.....	20.2	6.4	13.8	12.5	11.3	1.1	19.1	1.4

¹ Based on checks issued.

